

REACTOR OVERSIGHT PROCESS
INITIAL IMPLEMENTATION EVALUATION PANEL MEETING

Date & Time:

Tuesday, December 12, 2000

Location:

U.S. Nuclear Regulatory Commission
Region II Office
Sam Nunn Atlanta Federal Center, 24 T20
Atlanta, Georgia 30303-8931

Agenda:

Tuesday, December 12, 2000

8:00-8:30	Recap of Previous Day's Meeting/Meeting
8:30-12:00	Presentation of Stakeholder Issues/Views
12:00-1:00	Lunch
1:00-3:00	Panel Discussion of Stakeholder Issues/Views
3:00-4:00	Agenda Planning for January Meeting - Schedule March Meeting Dates
4:00-5:00	Public Comments/General Discussion
5:00	Adjourn

REACTOR OVERSIGHT PROCESS INITIAL IMPLEMENTATION
EVALUATION PANEL MEMBER ROSTER

Randy Blough	Mr. A. Randolph Blough Director - Division of Reactor Projects, Region I U.S. Nuclear Regulatory Commission
Bill Borchardt	Mr. R. William Borchardt Director - Office of Enforcement U. S. Nuclear Regulatory Commission
Ken Brockman	Mr. Kenneth E. Brockman Director - Division of Reactor Projects, Region IV U. S. Nuclear Regulatory Commission
Mary Ferdig	Ms. Mary A. Ferdig Ph.D. Candidate, Organization Development Program, Benedictine University; Ferdig, Inc. Organizational Research and Development
Steve Floyd	Mr. Steve Floyd Director - Regulatory Reform and Strategy Nuclear Energy Institute
Dave Garchow	Mr. David F. Garchow Vice President of Operations PSEG Nuclear LLC
Richard Hill	Mr. Richard Hill General Manager - Support - Farley Project Southern Nuclear Operating Company
Rod Krich	Mr. Rod M. Krich Vice President - Nuclear Regulatory Services Commonwealth Edison Company

Robert Laurie

Mr. Robert A. Laurie
Commissioner - California Energy
Commission

PANEL MEMBER ROSTER (Continued)

Jim Moorman	Mr. James H. Moorman, III Senior Resident Inspector - Alto Verde Site U.S. Nuclear Regulatory Commission
Thomas Moughton	Mr. Thomas Moughton NEI
Loren Plisco	Mr. Loren R. Plisco Director - Division of Reactor Projects, Region II U.S. Nuclear Regulatory Commission
Steve Reynolds (Not present)	Mr. Steven A. Reynolds Deputy Director - Division of Reactor Projects, Region III U.S. Nuclear Regulatory Commission
Ed Scherer	Mr. A. Edward Scherer Manager, Nuclear Oversight and Regulatory Affairs Southern California Edison Company
James Setser	Mr. James L. Setser Chief - Program Coordination Branch Environmental Protection Division Georgia Department of Natural Resources
Ray Shadis (Not present)	Mr. Raymond G. Shadis New England Coalition on Nuclear Pollution
Jim Trapp	Mr. James M. Trapp Senior Reactor Analyst U.S. Nuclear Regulatory Commission
Chip Cameron (Not present)	Mr. Francis X. Cameron Special Counsel Office of the General Counsel U.S. Nuclear Regulatory Commission

PANEL MEMBER ROSTER: (Continued)

John Monninger	Mr. John Monninger Technical Assistant - Associate Director for Inspections and Programs Office of Nuclear Reactor Regulation U.S. Nuclear Regulatory Commission
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1 PROCEEDINGS

2 (8:26 a.m.)

3 MR. PLISCO: Welcome to the second day of our
4 meeting.

5 Are there any, I guess, follow-up issues or
6 questions? I know we were kind of running out of steam
7 late yesterday.

8 MR. SCHERER: Neurons or world --

9 MR. PLISCO: Any neurons?

10 I just wanted to, I guess, recap and see if
11 there is any remaining issues or, I guess, just in
12 thinking things over in the evening whether had any
13 other views or issues you wanted to throw at David or
14 move on with the agenda.

15 MS. FERDIG: I think we should move on with
16 the agenda.

17 I did do some thinking and I have some things
18 that at break we can print out, but not with
19 conversation.

20 MR. PLISCO: Well, as we discussed at our
21 first meeting, one of the groups that we want to hear
22 from, get their views on were the states. There were a

1 number of states that were specifically spelled out and
2 even active in development of program and evaluation of
3 program. And we are lucky enough to have two of them
4 here today.

5 There are several others we know that are
6 interested and couldn't make it. And when we talk
7 about our agenda later in the day, we are going to
8 schedule some time for them in January.

9 But today the State of Vermont and the State
10 of Illinois, specifically.

11 MR. SHERMAN: I am William Sherman. I am the
12 State Nuclear from the State of Vermont, and I really
13 appreciate the panel's invitation to speak.

14 Let me summarize what I have to say and then
15 I have a few slides.

16 I would like to register as a data point for
17 you expressing pretty strong skepticism about the
18 program. So strong, as a matter of fact, that you may
19 not want to hear -- you may not want to listen to me.
20 But I'll try and explain why we're skeptical of the
21 program. And I know that when I do this, I run the
22 risk of saying things that you have dealt with because

1 Vermont, even though we follow nuclear issues, nuclear
2 safety issues fairly closely, we are one of four or
3 five states that have a defined nuclear safety state
4 presence.

5 We have not been a pilot plant state.
6 Vermont Yankee was not chosen. And so the State of New
7 Jersey has certainly put more effort than Vermont has.
8 Nevertheless, let me give you our views.

9 And before I start, I notice that, well, I'm
10 older than a lot of you. Maybe your looks are
11 deceiving. And I thought I'd try a test before I got
12 started just to see what ground I'm treading on.

13 If I say the name Saul Bernstein. Does any --
14 do any of you know who that was?

15 MR. KRICH: Yes.

16 MR. SHERMAN: You do?

17 MR. KRICH: Yes, because I'm older than you.

18 MR. SHERMAN: Oh, well, see that might be.

19 If I say Andy Walford, do you know?

20 anybody?

21 (No response.)

22 No? Good. Then I can say things and get

1 away with it.

2 MR. GARCHOW: I'm not sure I want to pass the
3 test. That when I pass you say I'm old.

4 MR. SHERMAN: See that's right. There you
5 go. There you go.

6 I'm here representing Governor Howard Dean of
7 Vermont. I work for the Dean Administration. And we
8 here in Vermont neither anti-nuclear or nor pro-
9 nuclear.

10 Because we are from New England the panel
11 member, Shadis, knows us pretty well. I am the primary
12 spokesman for nuclear issues for the State of Vermont,
13 often in the papers. Mr. Shadis is occasionally in the
14 paper and has accused me of being in bed with the
15 industry.

16 The Vermont Yankee people have accused me of
17 being a nuclear "nay-sayer." So I think maybe I am
18 doing some part of my job right.

19 We have weighed in and so in February, before
20 the implementation of the program we did send a letter,
21 which I believe Loren or John, you have copies over
22 there. The letter made some fairly simple points. It

1 basically endorsed New Jersey's comments because we
2 work very closely with New Jersey. And it did urge a
3 slower implementation, which ultimately wasn't chosen.

4 So because we are fairly strongly opposed,
5 for some reasons, I hope you will bear with me. And I
6 would like to try and make my presentation interesting
7 so that you would like to listen to some of it. So you
8 will have to bear with this, you know. But I'll try
9 not to take Gary's time. And Gary has a little bit
10 different view, I think.

11 When I put those items up on there all of us,
12 have been around and so those all ring bells. We all
13 know what those refer to. I mean we know what the
14 Brown's Ferry fire was. Everybody knows what Three
15 Mile Island was. Most everybody knows about the loss
16 of feed water at Davis Bessie.

17 And these are all events that took place over
18 our history in which things did not work the way that
19 we might have thought. And yet they were not
20 disasters. Well, Three Mile Island was an economic
21 disaster but it wasn't really a public health disaster.

22 Tom Early instituted what is called the "near

1 miss nureg." Does anybody know what that nureg number
2 is? I mean I thought some of the NRC folks would --

3 MR. MONNINGER: Is that the access sequence
4 free person?

5 MR. SHERMAN: I think that is what it is.

6 MR. MONNINGER: I can find it.

7 MR. SHERMAN: You don't need to. But that's
8 what I'm referring to. And I have been involved in
9 some of that. The "near miss nureg," is that still put
10 out?

11 (Yeses.)

12 Because I think that's a very, very valuable
13 tool. It identifies events that occur, I guess every
14 year. At least I thought it was put out every year.

15 Vermont Yankee had a near miss back in '91.

16 Vermont Yankee had a complete loss of off-site power
17 incident.

18 Here's what happened. Even though it had been
19 undetected for almost 20 years of operation, there was
20 a common mode failure in the switch yard.

21 Actually it was something called "zener
22 diodes" if any of you have gotten down to that level.

1 And it had been an industry issue that through industry
2 experience had been found, could have been corrected,
3 it was non-safety equipment in the ship -- in the
4 switch yard, so it was detected earlier, and it caused
5 a complete failure of the switch yard.

6 Now coupled with that -- and the diesels
7 started correctly, as planned. But coupled with that
8 there had been an engineering modification a year-and-
9 a-half previously, which was simply inadequate
10 engineering. Inadequate safety engineering evaluation
11 where they had modified service water such that service
12 water flow was starved. It wasn't something that they
13 knew was going to happen but it did happen.

14 On that incident they burned out all of the
15 station air compressors because of over heating. And
16 just by luck they did not over heat and burn out the
17 diesel generators.

18 But it was just luck. Because -- and the
19 operators were not able to understand what was
20 happening. It took them probably four hours, or five
21 hours, to grasp why service water was starved and what
22 they needed to do. They only -- they needed to open

1 one valve in order to provide the head differential on
2 service water, but the operators didn't realize that.
3 So this really was a near miss.

4 Had we not had the layers of conservatism
5 that are implicit in the design from the '70's we could
6 have had something way more serious in Vermont in '91
7 because of all of those unforeseen things.

8 MR. TRAPP: Bill, a question. Was the Vernon
9 Tie, do you know if that was available or unavailable?

10 MR. SHERMAN: Oh, I love it. The Vernon Tie
11 was available and, of course, that would have mitigated
12 it.

13 The Vernon Tie, for those who are not
14 northeasterners, Vermont Yankee has kind of a dooms day
15 electrical system than, when everything else fails, it
16 can tie to a local dam. That's a good thing. Thanks.

17 All of this is just history, so I can say
18 what I want to say later.

19 You know, all of what we are at in the agency
20 -- all of what you are in the agency really developed
21 in the '70's. The '70's was a wonderful time to be
22 alive. And this is a quote from the '70's. An

1 explanation from documentation in the '70's that talks
2 about defense in depth. I don't need to read it. I
3 think we all know.

4 In the '70's, I mean, the agency set its
5 course. Here's an example of maybe one of the most
6 famous statements and speeches that were made with the
7 agency. It's James Kissinger famous Bell Harbor speech
8 where he says, "You should not expect the NEC...", well
9 it was before NRC, 1971, "...to fight the industry's
10 political, social and commercial battles."

11 It set the tone. It set the philosophy for
12 the foundation of nuclear safety regulations. You can
13 see it all through the '70's. Take a look at this --
14 at this quote from Chairman Anders in 1976.

15 "Overriding goal consideration is safety. Though we
16 are interested in regulatory efficiency, we will take
17 as long as necessary to ensure the plant is safe before
18 it is allowed to operate."

19 This isn't the Regulatory Oversight Program
20 but it makes me feel good to be able to say all of
21 these things.

22 Here's another statement from Chairman Rowden

1 also in '76 who took over from Chairman Anders. This
2 is shortly after NRC was established from AEC. "The
3 strong criticism we have received from the regulated
4 industry responding to what it views as undue
5 regulatory conservatism reflects the reality that NRC
6 has taken measures it deemed necessary, notwithstanding
7 the substantial impact on the industry."

8 Interesting that it is a letter to our third
9 presidential candidate.

10 What this did is it set the tone for agency.
11 This is where you started and it formed the foundation
12 of what has been the most successful regulated
13 industry, well, most successful. I don't have that
14 breadth. One of the most successful regulated
15 industries in history.

16 I mean, you have -- have an exemp -- exemp --
17 I can't say it. Very good. You have a very good
18 record of -- of doing your job, having public health
19 protected. And it's all because of this -- this ground
20 work which was laid in the '70's and the philosophy
21 that was established in the '70's.

22 Now I didn't -- I didn't do a slide on

1 Chairman Jackson's statement. But most of you know
2 that -- that she did a speech -- if I had had three
3 more minutes before catching the plane I would have
4 done a slide. And basically she says just the
5 opposite. I mean what she says is that our goal as an
6 agency has to consider making your industry
7 commercially viable. You know the opposite philosophy
8 then has proven safety and a safe situation.

9 And I wanted to just throw these up to show
10 you, you know, just exactly where that foundation was.

11 Now you may have cornerstones but you have a
12 severely eroded foundation right now. An NRC or an AEC
13 that talks like Chairman's Slesinger, Anders, or Rowden
14 is an NRC that the public could have confidence in. I
15 won't finish that.

16 Now I mentioned Saul Bernstein and Andy
17 Walford and those of you who do remember will remember
18 old Saul as the -- the head of the nuclear program. It
19 was Wisconsin Electric. Andy Walford was the head of
20 the nuclear program at Lilco.

21 Both of them in the '70's declared war on the
22 NRC. Make nucleonics weak was public statement. It

1 could be very well within the '76 Chairman Rowden's
2 comment to Mr. Nadar was related to the industry
3 efforts Steve -- that Berstein and Walford and others
4 were making about how -- how awful regulation was.

5 But the Commission in the '70's didn't give
6 in to this warring, or whining, whichever one you want
7 to call it.

8 And the other point that I'd make about all
9 of this is that all of these quotes and all of this
10 that I am stating are all pre-TMI II. The industry has
11 sort of written the history as -- as Three Mile Island
12 happened and then awful things happened to us after
13 Three Mile Island. But this -- this
14 foundation Berstein, Walford were all before what some
15 call the over regulation of TMI II.

16 Okay. Now the revised oversight program in
17 our view in Vermont is kind of an out growth of where
18 NRC is going. An out growth of changing the philosophy
19 that is reflected in the difference in views from
20 Chairman Rowden's statement. This is what Chairman
21 Jackson would say and probably Chairman Messer has
22 said, though I haven't picked out any of his

1 statements.

2 If we think about the previous oversight
3 program we think about and SALP -- what can you say
4 about SALP? SALP wasn't perfect. SALP wasn't -- SALP
5 was subjective. In my view SALP was effective. And I
6 could explain that more if you needed. And SALP may
7 have been efficient maybe even more efficient than this
8 regulatory conference system that I hear you describe
9 which seems to me to be very inefficient arguing about
10 red, white, blue, green. I mean it is just seems to be
11 -- but I'll say more about that.

12 So I'd like to do a little exercise at this
13 point. Randy, we are both in Region 1.

14 MR. BLOUGH: Right.

15 MR. SHERMAN: What's the worst -- who is the
16 worst performer in Region 1?

17 MR. BLOUGH: Well, IP II is in multiple
18 degrading cornerstones.

19 MR. SHERMAN: I know, I know, but -- but I
20 know they're cornerstones but I want you to back off.
21 Are they really the worst performer?

22 MR. BLOUGH: Yes.

1 MR. SHERMAN: Just because of the
2 cornerstones? Well, wait you don't have to answer
3 that. I mean because I know the cornerstones say that.
4 But so now I'd like to ask --

5 MR. BLOUGH: Well, I agree with that
6 assessment.

7 MR. SHERMAN: So you think that even before
8 the cornerstones were bad they were the worst performer
9 in the region? Well, don't answer that. Let me --

10 MR. BLOUGH: It depends on how far back you
11 go. But, yes.

12 MR. SHERMAN: I wanted to ask the same
13 question of Ken and, Steve is not here, didn't come
14 back, and -- and Loren. I mean in your regions, I
15 mean, what I -- I wanted to do some guided imagery. I
16 mean, I wanted to kind of have you close your eyes,
17 imagine things that are and then I wanted you to
18 imagine the worst performer in your region.

19 And then I wanted to find out, you know, from
20 Steve, who is not here, is it really quad-cities? I
21 asked Gary that this morning. He said it was. Loren
22 is it really Farling? Richard?

1 (Laughter)

2 And kind of my experience is that having been
3 in the industry as long as I have, Randy, I can kind of
4 close my eyes and I know in New England who has been
5 Category I self-plants, who has been Category II self-
6 plants. I can differentiate who are -- and I can
7 differentiate that not because of -- of the performance
8 indicators. I can differentiate that just because of
9 what I know which is subjective. But maybe it is
10 because I remember SALP is why -- is how I can do that.

11 If -- if -- if it does -- if it is true that
12 when you closed your eyes and imagined plants and you
13 came up with the same plants that the performance
14 indicators indicated then maybe that's an indication
15 that the system works. If it isn't true that the
16 performance indicators are showing what you kind of
17 know from -- you said it, Jim, yesterday "gut feel".
18 What you know from "gut feel" is the worst plant then
19 you have to question as a panel whether the performance
20 indicators are working.

21 All right. Let me say --

22 MR. FLOYD: Just one question for you if I

1 could?

2 MR. SHERMAN: Yes, please.

3 MR. FLOYD: When you say performance
4 indicator. Do you also mean the infection finding
5 results? Because the performance indicators are
6 actually are relatively small portion of the overall
7 program. I think everybody in the room would agree
8 that 18 performance indicators don't give you a
9 complete picture of the plant in any rational sense.

10 MR. SHERMAN: Well, good. And, again, Gary
11 and I were speaking about that this morning. And I
12 think what you said to me was that the performance
13 indicators make up about 15 percent of, or something,
14 and --

15 MR. FLOYD: That's about my judgement.

16 MR. SHERMAN: And so that is a good thing.
17 Let me say more about that and show you where I would
18 go with that. Let me tell you what I think the problem
19 is if I may.

20 This is my attempt at a flow chart of a sort.
21 And on the left side there was something left off when
22 I printed it. Under it says "Plant Performance

1 Culture" I meant to have the word "methods" under the
2 word "culture."

3 And what this is meant to show is that --
4 well, first you've got plant performance. You've got
5 culture, methods, the way that -- that the plant is --
6 the way that the people are functioning. The way that
7 management is assigning priorities. Everything to do
8 with performance.

9 And the SALP Evaluation System attempted to
10 measure performance. When it measured operations,
11 engineering, maintenance, and plant support, it
12 attempted assign a rating on performance. Now what
13 derives from performance is, well, what I call the
14 results of plant performance. And the results of plant
15 performance can be a lot of things. I mean it could be
16 a capacity factor, it could be -- but what we've boiled
17 that down to, to a great extent, is cornerstones, and
18 performance indicators, and then, Steve, as you say the
19 inspection results too.

20 Now what you want -- what you want to
21 regulate and what you want to be the best it can be is
22 performance. And the SALP was a direct measure of what

1 you wanted to regulate. In other words, you want the
2 culture to be good. You want the methods to be good.

3 The results are one removed from -- are one
4 step removed from what it is you are trying to
5 regulate. And so what you can see first is that what
6 you -- one of the problems that you are all talking
7 about, and that I listened to yesterday, is trying to
8 struggle with why it is, or what it is, that the
9 performance indicators do. And it is all related to
10 the fact that the performance indicators are once
11 removed from the thing that you are trying to regulate
12 and influence.

13 A second problem with this is that -- that
14 once you -- trying to regulate on the performance
15 indicator results allows, I mean, in order -- in order
16 to deal -- in order to get to the problem you have to
17 have the degraded results first before you have the
18 problem identified. In other words, if you are trying
19 to focus on the performance you are trying to focus
20 their -- did I disconnect you? You are trying to focus
21 on -- on stopping the trend before the performance
22 indicator is degraded.

1 Where in the system that is being created you
2 are waiting till -- till there is degradation before
3 you -- before you have some concern about it.

4 Now the most serious aspect is that the
5 performance indicators may not identify poor
6 performers. In other words, the question that I asked
7 you that, Randy, you answered correctly because you are
8 working the system but maybe is right. The performance
9 indicators may not -- it may be true that -- that
10 degraded performance indicators do not really indicate
11 the poor performers.

12 And so what I think that one of the efforts
13 of the panel has to be and probably is already is to
14 determine whether the performance indicator system
15 identifies poor performers.

16 MR. BLOUGH: When you say performance
17 indicator system do you mean this scheme of both
18 performance indicators and are colorizing the
19 inspection findings?

20 MR. SHERMAN: Right.

21 MR. BLOUGH: Okay.

22 MR. SCHERER: Why is -- I'm trying to

1 understand how is inspection findings different now
2 under the oversight process versus under the SALP
3 process? Isn't it -- is an inspection different in
4 your mind if it somehow results oriented as opposed to
5 what it was looking at before? Aren't they looking at
6 the same thing?

7 MR. SHERMAN: I think that I have to answer
8 that question, "I don't know." But -- but I think they
9 are looking at 75 or 85 percent of the same things.
10 And as I'm going to say here in just a minute, the most
11 confidence that I -- that I have is the confidence in
12 the judgement of the senior residents. You know I --
13 but I have confidence in their subjective judgement.
14 Or maybe subjective is the wrong term. I have
15 confidence in their developed -- their developed
16 assessment of the program that is not related at all to
17 performance indicators. So maybe we are saying the
18 same thing.

19 MR. BROCKMAN: It is really an interesting
20 moment because I'm trying to make sure that I'm
21 understanding where you are coming from. We keep on
22 coming back to the performance indicators.

1 I can tell you in Region 4 the inspection
2 program -- I've got license -- I have one plant, one
3 site in the region, who is getting less inspection
4 under the new program than under the old program. I
5 have 13 sites that are getting more inspection.
6 Anywhere from five to 15 percent more inspection under
7 the new program. More intrusiveness. More interaction
8 with resident inspection staff and with the regional
9 inspection staff.

10 This would seem to challenge your premise
11 that you're coming from. Because the PI's provide one
12 bit of data and if in fact that had caused us to make a
13 substantive reduction in amount of inspection, well, I
14 could -- I could line up with your logic pattern very
15 soundly. I mean it would really hold the line, it'd be
16 quite clear.

17 But when I'm looking at on the average about
18 a 15 percent inspection growth of the baseline program
19 compared to the core program that we had before then I
20 begin -- I'm seeing a bit of a disconnect and having a
21 hard time following your logic. So, I mean, if you
22 could help me I really want to understand where you are

1 coming from.

2 MR. SHERMAN: And -- and I too. So let me
3 ask you a question. You know, is what's -- what is it
4 that is driving the additional inspection? Is it the
5 performance indicators or is it other things?

6 MR. BROCKMAN: Oh, it's the program. The
7 program is laid out -- is bigger than the -- is flat
8 bigger than the old one. Than the old core inspection
9 program. I mean, it --

10 MR. SHERMAN: Then maybe my objection is not
11 in the program, per say, as much as it is in the
12 emphasis that the program provides on performance
13 indicators.

14 And -- and this interminable discussion that
15 we had yesterday about green white boundaries and all
16 that stuff which don't make any difference at all. I
17 mean, that is useless discussion, foolish discussion.
18 Sort of silly discussion.

19 MR. BROCKMAN: Is part of the crime getting -
20 - I'm wondering what's wrong, and I really do want to
21 understand, if I've got an additional data set that I
22 didn't have before. If my inspection -- if I'm

1 comparing the current to the old and I say that the
2 baseline inspection program now is as big or bigger
3 than the old, looking at more areas than the old
4 program did, and I gain an additional data set off of
5 PI's to give me further insight, where do I have an
6 erosion?

7 MR. SHERMAN: Again, probably not an erosion.
8 But the emphasis -- but -- but my skepticism relates to
9 the emphasis that does exist on the performance
10 indicators. If the program and the embedded content of
11 the program works and provides what you say that's a
12 good thing.

13 But the emphasis on the performance
14 indicators I would still remain skeptical on.

15 MR. BROCKMAN: Let me try one more thing
16 because I want to make sure I've got common terminology
17 with what your are calling performance indicators and
18 that might be where -- where I could get my connection.

19 When you are talking performance indicators
20 are you talking about the 18, which we got rid of
21 number 19, the 18 data bites that are submitted on a
22 quarterly basis from --

1 MR. SHERMAN: Yes, I mean --

2 MR. BROCKMAN: Okay, that's what you are
3 discussing. Okay, you are not talking about the entire
4 concept of differentiating on this significant risk
5 impact inspection findings and what have you in their
6 overall safety significance. You are talking that page
7 right there of the data bites.

8 MR. SHERMAN: I am talking about this page
9 which -- which obviously there is a great deal of
10 concern based on the discussion that you had yesterday
11 that Steve, and Ed, and Rich, and Dave, and Rod, you
12 know, kind of talked about.

13 Now what I pose to you is -- and here's the
14 way I wanted to state this question in exactly these
15 terms. Is it possible for performance to degrade
16 without indicators degrading? That's what I wanted to
17 ask. In other words, is it possible for this
18 performance to degrade without these indicators
19 degrading? And the answer is probably "yes."

20 MR. FLOYD: Okay, if you are limiting it to
21 the 18 performance indicators the answer is probably
22 "no."

1 MR. SHERMAN: Okay, good. Now you know you
2 are walking into a little bit of trap. I'm not trying
3 to set this trap but you are walking into a little bit
4 of trap, you know, in terms of where I'm going with
5 this. And the trap is eventually what you show to the
6 public and what the public is able to glean. But I'll
7 get to that.

8 MR. BROCKMAN: But likewise under the old
9 sub-station it was possible for performance to degrade
10 and the SALP not to reflect it at all.

11 MR. GARCHOW: We're talking looking backwards
12 so you don't have to talk about possibilities. You can
13 come up with seven, eight plants that SALP missed
14 totally if the plants sort of got into very significant
15 issues and had some events, I won't say significant
16 events, but certainly had a pattern, a very large
17 pattern, of poor performance that was not seen by SALP
18 until it ended being a fairly large issue for both the
19 utility and the NRC when it finally it surfaced exactly
20 what the magnitude of the problems were.

21 MR. BROCKMAN: I didn't want to focus on a
22 miss. I want to focus on an acknowledge within SALP.

1 I have Level I, Level II, Level III performance. Level
2 III whether you got worse or better within three, I
3 don't have another level to move to. But I mean there
4 was still movement that we would recognize. Movement
5 within the one band. And once again you get to a
6 threshold. Did they come out of the -- the Level I
7 performance level? No, they are still in Level I
8 performance. So I mean there was movement
9 acknowledged, change in performance, better, worse,
10 that the old system did not reflect.

11 And I don't -- I think we want to make sure
12 that we understand that, too, when we are doing the
13 compare and contrast.

14 MR. GARCHOW: That was my point.

15 MR. SHERMAN: Right. Dave, I think that your
16 point is the very best and I think that the point about
17 SALP missed degrading performance --

18 MR. GARCHOW: Some.

19 MR. SHERMAN: Some.

20 MR. GARCHOW: Also corrected some plants in
21 that process actually -- actually turned some plants
22 on.

1 MR. SHERMAN: That's exactly what I feel.
2 What I feel is that SALP -- SALP was an imperfect
3 system but SALP did some thing right and missed some
4 things. And what I think that this panel should do,
5 again, I wanted to state this carefully. The panel
6 should determine whether the PI System identifies poor
7 performers. It might be useful to kind of look and try
8 and figure out if the PI System flags these performers
9 worse or better than the SALP System did.

10 MR. SCHERER: I'm worried about communication
11 between, at least myself, in understanding your point.
12 You seem to be indicated that the 18 performance
13 indicators are the oversight program. And that is not,
14 in my mind, what we have been talking about yesterday
15 and certainly today. It's a combination of the
16 performance indicator and the inspection results, all
17 of which are on the web page, all of which are colored,
18 and -- and make up -- remember if you have all green
19 PI's but you have white or yellow or red inspection
20 results then you are into the degraded performance
21 condition.

22 So there seems -- you seem to be saying, or

1 what I thought you were hear -- was hearing you say is
2 this performance indicator is the oversight program and
3 we might miss something that we were picking up in SALP
4 because in SALP we had inspection.

5 My problem correlating it and listening to
6 Ken's discussion is to us, at least to me, the
7 performance indicators is only a small sub-set of what
8 we are looking at. We are doing performance indicators
9 plus inspection and the inspections as you know get
10 color coded based on their risk significance and they
11 also go into a degraded performance.

12 So when I think of degraded performance
13 somebody could be all green in terms of their
14 performance indicators, the 18 performance indicators,
15 but if they are getting inspection results that would
16 have gone into the same inspection modules, and as Ken
17 says, "more inspection hours," that would have gone
18 into a subjective SALP then outgoing into that quote
19 "degraded performance."

20 What am I missing in terms of --

21 MR. FLOYD: Impact, amplify what Ed just
22 said, because the question "Should we not go back and

1 see if the performance indicators would have picked up
2 plants that had problems?" That was exactly what was
3 done that you can read about in SALP, what is it 99007?
4 And 007 --

5 MR. SHERMAN: Right. I suspect that its in -

6 - MR. FLOYD: What we've concluded when we went
7 back and did that was that yes indeed the set of 18
8 performance indicators while it picked up some, missed
9 some others because the performance indicators, as an
10 example, don't do a very good job of picking up design
11 related issues. Okay, at the plant, therefore, you
12 need an expanded set of inspection areas to compliment
13 and supplement the inspection findings. And it is the
14 combination of both the performance indicators and the
15 inspection program that gives you the insight.
16 Certainly not one by themselves.

17 The performance indicators certainly missed
18 some key areas that could provide some insight in some
19 key areas but certainly not enough to give you a
20 picture.

21 MR. SHERMAN: Then again maybe my skepticism
22 can be better cast in terms of the visibility that is

1 created -- the visibility that you have created by the
2 performance indicator system which I know you are
3 worried about because of what I thought was kind of a
4 silly discussion about -- about green and white
5 boundaries.

6 And so obviously you are very concerned about
7 this and so there's some middle ground between what you
8 are saying and I'm saying.

9 And what I was going to suggest to you, you
10 know, what I was going to suggest that the panel
11 consider is that if you are going to create these
12 performance indicators to give external visibility then
13 I think that you ought to add number 19. And number 19
14 is I want to avoid using subjective. I want to use
15 number 19 as the developed assessment -- the developed
16 overall assessment of performance cultured methods from
17 the -- from the senior resident and the branch chiefs
18 and the directors of projects.

19 You hate to hear that from me because you
20 say, "Whoa that's going back and that's doing SALP."
21 But you've already said that the inspections are a big
22 part so let's get it up here in top level. Let's get

1 it up here where you can see the senior inspectors and
2 the -- the kind of the assessment of the program.

3 MR. FLOYD: We're looking at a roll up of
4 just the performance indicator tables.

5 MR. SHERMAN: Yeah, that's what came off the
6 web.

7 MR. FLOYD: No, no, no. That's only one
8 thing that comes off the web.

9 MR. SHERMAN: No, I know, but it did come off
10 the web.

11 MR. FLOYD: If you look at the individual web
12 site, you will see that the performance indicator
13 results and the inspection finding results going back
14 over the past four quarters in each of the seven
15 cornerstone areas. And it's the combination of the PI
16 results and the inspection finding results that give
17 you that overall perspective of the plant.

18 I think IP II is a good case in point. I
19 think they've got, what, one yellow PI but they've got
20 three white inspection findings and a red inspection
21 finding. So if you just looked at the performance
22 indicated for IP II you would say, "Gee they're all

1 green except for one" so that's not a very good
2 indication.

3 MS. FERDIG: Well, I just think that what I'm
4 hearing Mr. Sherman say, Dr. Sherman, is --

5 MR. SHERMAN: Oh, no, not doctor.

6 MS. FERDIG: It's

7 MR. SHERMAN: Although I once answered to His
8 Governorship.

9 MS. FERDIG: But I do think that there's a
10 lot of information about what -- what the public, the
11 impression the public has based on the information
12 that's available and how that can be balanced in a way
13 to offer a whole lot more confidence to reflect what
14 the programs really about.

15 MR. BROCKMAN: I understand the communication
16 issue. Very --

17 MS. FERDIG: And the other thing I'm
18 wondering about is the -- you talked about a 19th
19 indicator but one of the things I'm also curious about
20 are the ways in which the performance indicators can
21 become more predictive, more leading information about
22 performance in the future.

1 And there may be openness throughout to
2 continue to refine those indicators and you may have,
3 you and others, may have ideas about that.

4 Again, with the notion of thinking of them as
5 a way of measuring or indicating performance, a method
6 for indicating performance, not unlike methods that
7 were used to assess performance in the SALP. I mean,
8 it just how to --

9 MR. SHERMAN: Yeah. I don't have any
10 specific value to add to that except that I think
11 that's what you should be doing. And I think that's
12 what you have done as well. I mean, you've given lots
13 and lots of thought.

14 I am going to put a caveat as I get to the
15 end a little bit on that. But mostly, Mary, I agree
16 with what you said.

17 MR. BROCKMAN: Can I ask another question?

18 MR. SHERMAN: Okay, yes. We want to leave
19 some time for Gary. All of his flights are canceled it
20 doesn't make any difference.

21 MR. BROCKMAN: One of the things that I have
22 heard you emphasize was that how easily it was for the

1 old program to differentiate between the different
2 sites. And the lead in question is, "Who's your
3 worst?" "Who's your worst?" Who's the worst performer
4 or the one you've got the most concerns --

5 MR. SHERMAN: That's just a mechanism.

6 MR. BROCKMAN: Yeah, and let's not get hung
7 up on the word. But one of the things that I think the
8 new program is doing, and I'm most interested in your
9 insight as saying, "I don't care who's number one. I
10 don't care who's number 14 if they all meet an
11 acceptance -- an acceptable performance level in many
12 different areas. It doesn't make any difference as
13 long as I can say everyone of them -- I'm confident in
14 their program and that ebb and flow within this area of
15 concern --

16 MR. SHERMAN: It's a great way to 80 where I
17 want to go and I'd -- I'd like to make some cute
18 comment. But let instead just the way to where I was
19 going to go.

20 MR. BLOUGH: And correlated to that is they
21 all have substantial margin between it's -- from above
22 unacceptable performance. If there are of substantial

1 margin does it matter that you can differentiate if
2 they're all fairly far away from --

3 MR. SHERMAN: That's why I'm really
4 interested in the viewpoint -- let me make my quip and
5 then I'll go way into -- my quip was that's the day
6 Garchow, did I pronounce it correctly?

7 MR. GARCHOW: Close enough.

8 MR. SHERMAN: Okay, that's the day Garchow
9 will be gone analogy of nuclear plants which can, Loren
10 and Randy, I hope you don't believe. I don't believe
11 it. And I hope you don't believe it.

12 MR. GARCHOW: The issue in that and I can
13 make the whole talk about how the economic
14 deregulations actually driving all the plants to
15 excellence.

16 MR. SHERMAN: I don't believe it.

17 MR. GARCHOW: I actually believe that's
18 absolutely true. So I think their pattern and the
19 performance over the last five years the data would
20 suggest that that's happening. That the difference
21 between top floor tile, and medium in most categories
22 is less than two percent now. And levels of

1 performance greater than when your slides -- when the
2 commissioners were standing up talking about an
3 industry who had much, much relatively poor performance
4 by several orders of magnitude in most areas in '78,
5 '79, and '80.

6 So it's a different industry so -- but now
7 it's a promise after the debate.

8 MR. SHERMAN: I don't believe that and let me
9 say some things which will go along -- you wanted --
10 what we've established is that you won't agree with
11 what I'm going to say next. So let me say this.

12 What I'd like to concentrate now on and I
13 have about three more things to say. I'd like to
14 concentrate on the concept of incentives. Incentives.
15 The regulation that I described from the foundation
16 that was created in the '70's created systems which
17 established positive incentives for increased
18 performance for bettering performance.

19 You can see that on the slide that I still
20 have up there. With the SALP program which is
21 essentially defined in this left side of this. When
22 you have an evaluation of those categories if you are a

1 Category 3 you have a strong incentive to change your
2 maintenance program or your engineering program to make
3 it a two or a one.

4 If you are a Category 2 plant and if you are
5 in Vermont which expects nothing short of true
6 excellence then you have a strong incentive in the SALP
7 program to bring that performance from a two to a one.

8 Now, again, let me be clear Vermont Yankee
9 was a solid Category 2 SALP plant. It still is as a
10 matter of fact.

11 With plant support trending toward one and
12 engineering, well, engineering solidly mired in sub-
13 category two. Still the system that was set up
14 established these incentives. SALP created an
15 incentive to make plant performance better. When plant
16 performance was worse and needed to have a different
17 message sent Bill -- the enforcement program and the
18 escalated enforcement program kicked in.

19 This is something from the -- from recent
20 trends in escalated enforcement. Escalated enforcement
21 was never understood as punitive. Nobody ever thought
22 that the fines that were levied caused anybody any

1 financial harm. Everybody understood that escalated
2 enforcement was completely motivational. As a matter
3 of fact there is a wonderful quote that, again, came
4 out of material from the '70's. Not attributed to any
5 individual it was from interviews with NRC folks.

6 "A civil penalty's largest cost is the stigma
7 attached to it." Plan and simple. What the agency
8 could do, did do, always has done, well until now, is
9 to send messages to nuclear -- nuclear plants through
10 civil penalties that they expect better performance.
11 It's an incentive. The escalate enforcement system
12 that creates an incentive to get your performance
13 better.

14 Now what I'd like to do is just look at these
15 results. These are things that you all know from --
16 from the history because most everyone in the room is -
17 - is thoroughly understanding of the history. The one
18 thing that I didn't -- I couldn't grab enough
19 information to go back to '94 and '93. I wish I had
20 been able to get that, Bill, so that I could've known
21 that.

22 But you can see that in '95 we had about 20,

1 I guess it's this column right here that's the civil
2 penalty. You had about 25 civil penalties and then you
3 had kind of the agency's knee jerk response to the Time
4 Magazine article in Millstone. So you had 52 and 70
5 civil penalties, which again, is the major problem for
6 the SALP system and the agency's performance. It's
7 knee jerk reactions.

8 And then -- but now you see that we're down
9 to -- to, I guess, this is 26 escalated notice of
10 violation. Only seven -- only seven civil penalties in
11 '99. I don't know, do you know what 2000 has been so
12 far, Bill?

13 MR. BORCHARDT: I think it's about that
14 number but under new oversight process the only civil
15 penalties you'll have normally are the ones outside of
16 the STP, you know, for discrimination.

17 MR. SHERMAN: In other words, the willful --
18 the willful stuff, you know, stuff that is still
19 flowing through. And that's the point that I'm trying
20 to make is that you had a system which created
21 incentives for better performance. And I would -- if I
22 had only been able to go back further I would like to

1 show you that in your previous history you probably had
2 some equilibrium level of fines before this Millstone
3 stuff. And that's probably about the right level that
4 you needed to send messages to utilities to do better.

5 Now here we have the difference between kind
6 of the Sherman view and the Garchow view of history.
7 If you believe that -- that all of the sudden -- all of
8 the sudden here that you draw a line and all of the
9 sudden the industry was completely baffled and it had
10 been through the history which Dave believes.

11 MR. GARCHOW: I actually don't believe that.

12 MR. SHERMAN: Okay, maybe that's true. But -
13 - but I believe that the industry is almost exactly the
14 way it's always been. It's -- it's an industry that is
15 staffed by professionals who put safety first but there
16 are ebbs and flows in every utility depending on both
17 management and personnel. And I believe that the
18 system that we had from the '70's up until now which
19 established incentives and sent messages was an
20 effective system that needed to be in place and still
21 needs to be in place.

22 What you get -- if you learned anything from

1 -- from this history here, I mean, what you learned
2 here is you learned about Main Yankee and Millstone.
3 What's -- what's the commonality between Main Yankee
4 and Millstone? Both of them got themselves where they
5 were by cost cutting. Economic pressure, cost cutting,
6 I mean, that was the finding in the Main Yankee report
7 and we all know that that was kind of the base of
8 Millstone's maladies.

9 Now, if you think that -- that's not going to
10 --I mean, if you think that based on that it's not
11 going to happen in the future then we don't agree.

12 MR. SCHERER: My problem --

13 MR. SHERMAN: Wait. I want to make one more
14 point with that.

15 And then you can take -- where else do you
16 know, I mean, you also know, Rod, your acquired
17 partners from the United Kingdom got themselves into
18 the exactly the same trouble in Britain in regulation
19 by cost cutting.

20 And we all know what -- what the root cause
21 of Tokomera's problem was -- is cost cutting.

22 MR. SCHERER: I was just trying to follow

1 your logic.

2 MR. SHERMAN: Okay.

3 MR. SCHERER: You -- you opened your
4 presentation talking about the problems TMI, Brown's
5 Ferry, which I understand, and the current -- the
6 existing cell process and now you are talking about the
7 previous enforcement policy that essentially didn't
8 prevent the issues that -- I'll wait.

9 MR. SHERMAN: Yeah, no, no. Go ahead. I --

10 MR. BROCKMAN: Leave your enforcement graph
11 up for a minute if you would. Okay.

12 MR. SCHERER: I'm trying to understand you --
13 you point out that we've had industry near misses --

14 MR. SHERMAN: Yes, go ahead. We've had
15 industry near misses --

16 MR. SCHERER: We've had Millstones, we've had
17 DC Corp which was a SALP One plant, if I recall, that
18 we shut down. We've had enforcement imposition of
19 civil penalties that didn't prevent these events from
20 occurring. And now when we're looking at a process
21 that may or may not be better or we're trying to come
22 up with a process that is more effective at spotting

1 these trains the answer you seem to be giving is "Well,
2 don't change this robust system that was in existence
3 in the past." I'm having trouble finding that logic
4 that be.

5 You've outlined problems we've had with the
6 past system. You acknowledge it was robust system and
7 it did prevent catastrophes. I mean, there's a lot of
8 defense and depth. There was a lot of -- of margins
9 built into these plants and into the regulatory process
10 that over saw them. And there was a lot of direct
11 inspection of the plants to make sure that utilities
12 are doing what they're doing.

13 It was an imperfect system at best. It
14 didn't prevent these near misses that you outlined. It
15 didn't prevent SALP One plants from, in fact, being on
16 a downward trend. SALP didn't pick up for some period
17 of time.

18 MR. SHERMAN: Let me catch you just keep your
19 train of thought. It did make the misses near.

20 MR. SCHERER: Understand.

21 MR. SHERMAN: In other words they were
22 misses. They -- or it made the near misses, misses.

1 MR. SCHERER: You're talking about all of the
2 enforcement trends in financial -- in penalties whether
3 they're, and I tend to agree, there's no utility that
4 went bankrupt paying an NRC fine. But the utilities
5 that paid NRC fines and had enforcement were much more
6 concerned about their reputation and publicity they
7 received than receiving an NRC fine.

8 Now you then say but that didn't prevent the
9 Millstone, it didn't prevent the Main Yankee, why is it
10 that we should hold on to -- to a system that didn't
11 function. Why shouldn't be looking for a system that
12 would function better in the future.

13 MR. SHERMAN: My point is exactly 180 degrees
14 over from the way that you are saying it. My point is
15 that the previous system did prevent Millstone and Main
16 Yankee. Even with what they had it prevented them from
17 -- from being public health problems.

18 The near misses -- the near miss I described
19 in -- in the Vermont Yankee loss of power event in '91,
20 it was a near miss. And the reason it was a near miss
21 was because of the regulatory system which created
22 conservatism.

1 And -- and what stopped -- what prevented a
2 problem in Vermont wasn't regulatory oversight, per
3 say, it was overall conservative regulation which
4 required conservative -- enough conservatism in the
5 service water system calc's such that even though you
6 had about half the flow you still had enough to do the
7 cooling.

8 So my point -- my point is that all of these
9 systems created incentives for better performance that
10 didn't -- didn't stop there being problems but it
11 always exercised positive influences.

12 MR. KRICH: Let me, if I could -- I think I
13 understand what you are saying and it's -- it's an
14 interesting theory. But I think you also have to look
15 at the other data as well. So how would you then
16 reconcile, and I don't want to make more of this than
17 it is, but there's the other side of this that how
18 would you reconcile the fact that performance in terms
19 of safety measures. You go back to the AEOD
20 performance indicators that AEOD used to put out semi-
21 annually and annually. Number of scrams, number of
22 safety systems that were not available goes to the

1 workers for those measures of safety having been over
2 that type that you you've just shown here. How do you
3 reconcile that with your -- as your theory?

4 MR. SHERMAN: I think that it is a very good
5 thing that the industry has -- has -- the industry
6 performance has improved as it has in terms of sp --
7 fewer scrams, fewer forced outages, higher capacity
8 factor. I think most of that is economically driven.
9 But I think -- but I still -- I think it's a very --

10 MR. KRICH: And you get to the same point.
11 Who cares?

12 MR. SHERMAN: Exactly. Nobody cares. The
13 point that I made was that I think the panel has to --
14 has to come with grips with whether that really --
15 whether the fact that you have -- whether the fact that
16 you have fewer scrams over here really catches whether
17 your culture and your methods are degrading or not.

18 MR. KRICH: I guess that gets to my own point
19 -- and I might not express this correctly. Steve could
20 maybe do a better job than me but what we -- what we, I
21 think, all concluded that we were interested in is
22 where did we put the public with respect to risk of

1 operation of the plant?

2 And we were all looking for a means of
3 questioning how to find that risk as opposed to a
4 subjective assessment of these performance in these
5 areas. Instead what we're looking for is some means of
6 actually measuring where the plant is relative to its
7 risk to the public.

8 Steve, if --

9 MR. SHERMAN: I know -- I mean, I understand
10 that as the basis and again I think -- I think that
11 kind of the key focus, one of the key focuses of the
12 panel needs to -- needs to be this -- this question
13 that New Jersey posed before you started which was "Do
14 the performance indicators really highlight whether
15 you've got, you know, do they catch degraded
16 performance?"

17 But let me finish this concept that I'm on
18 which is on incentives. You know, the reason I had the
19 enforcement graph up is an example of incentives which
20 just by your comment, Bill, you know, that -- that
21 method of descending incentives is basically not there
22 because you're not -- you're not really doing -- I want

1 to -- hold on -- I'll take your questions in a minute.

2 What are the incentives that are created by
3 this system of performance indicators? Now think about
4 that for a minute. What's the incentive that -- what's
5 the incentive created by this? You heard it all
6 yesterday. I mean it was interesting listening to you.

7

8 Rod, you mentioned the incentive to change
9 the ALARA threshold. In other words this program
10 creates the incentive to change the ALARA threshold.

11 And, Dave, you -- you -- right after he said
12 that you gave another example of where the incentive is
13 to change it from white to green.

14 Ed, you used the phrase "don't", in regard to
15 this, "don't wanna penalize the plant." Because your
16 incentive is -- is to have these be green not white.
17 Your incentive is to somehow change this and even --
18 even change the basis that you -- and Jim, your
19 statement, I think, I may -- I tried to do the best
20 with meeting you all and getting your names right.
21 Your statement was "Some plants would -- vowed they
22 would not get white at all costs."

1 Now, so they have an incentive to -- go on,
2 you said it. An incentive to delay that decision to
3 down power. That's what incentive is created.

4 Now, so -- so where before the incentives by
5 self were incentives that were an incentive to make
6 operations better. To make engineering better. Now
7 the incentive is to -- you fill it in -- delay, you
8 know, the incentive is to tamper -- tamper with the
9 indicator -- tamper. I don't mean to be that negative.
10 To -- to avoid the indicator. But even in some cases
11 to be less safe. Because delaying the dat -- delaying
12 the down power perhaps is on some -- some ten to the
13 sixth, ten to the seventh, Lord knows what, less safe.

14 So my point is that -- that what the panel
15 needs to do, and then I'll take all those questions.
16 The panel should investigate methods to create positive
17 incentives which are visible to the public for superior
18 performance.

19 I don't believe the performance indicator
20 system creates those incentives. It creates just the
21 opposite incentives. Creates incentives for -- for,
22 again, somebody else said it. I think it was you, Ed.

1 It creates incentives for the plant to work toward the
2 indicators.

3 MR. KRICH: Bill, I -- I agree with you
4 entirely with what you're saying there. And maybe I --
5 maybe I'm missing something here. But the whole reason
6 of this panel and the whole reason for a bunch of other
7 working groups that are existence right now with that
8 work that are -- groups that are comprised of the NRC
9 and the industry are to do exactly that. Which is
10 we've identified some problems with the performance
11 indicators and we are working to get those cleared up.

12 The ALARA example that I used was something
13 that we'd just come to realize. Is the potential of
14 shortcoming of the performance indicator in the ALARA
15 case.

16 So I think it's better --

17 MR. SHERMAN: The problem -- the problem is
18 that -- that the indicators, the results are often
19 things you can't avoid. Like equipment failures causes
20 unavailabilities. So over on this side of the table
21 you were complaining about unavailability. And that's
22 because -- that's not a really valid indicator of

1 performance. I mean, you can't help the equipment
2 failures and if you happen to have a couple of random
3 equipment failures that cause you to be a white, or who
4 knows a yellow, that is not necessarily indicative of
5 poor performance.

6 MR. SCHERER: I disagree with that. I think
7 equipment failures is an indicator of poor performance.
8 What I was arguing yesterday is don't penalize plants
9 that want to do preventative maintenance to avoid the
10 equipment failure when it is required.

11 So I think the discussion yesterday was
12 different than the way you are characterizing it in
13 that we were trying to look at each of the performance
14 indicators. All of which were selected to initially be
15 a good thing. It's got to be a good thing to have less
16 reactor cooling system leakage than more reactor
17 cooling system leakage.

18 I think, my hope for everybody in this room
19 might agree with that. But let me take that premise to
20 -- to less reactor cooling system is bet -- leakage is
21 better than more reactor cooling system leakage.

22 What we wanted to do and what I thought we

1 were doing yesterday was to take each of these
2 performance or several of them and say how could that
3 not drive superior performance? Exactly your goal. I
4 agree with your incentive.

5 What we were struggling with yesterday is
6 trying to find a perverse consequence in even the best
7 intended goal. If you set a goal for perfect
8 attendance at school for your child, does that mean
9 that your child will go to school sick and bring
10 illness to the class?

11 I mean, no matter what easily identified
12 superior performance goal you want to set, I think it's
13 a healthy situation to sit around and try to think of
14 all the unintended consequences that could occur and
15 then try to correct it.

16 That doesn't mean you don't try to set
17 performance indicators but the panel we should, I
18 thought that's, very frankly, I agree with your slide.
19 I would endorse it 100 percent.

20 MR. SHERMAN: Yeah. I'm not -- I'm not, as I
21 say any new pup. You know, we're basically in
22 agreement. I mean we're friends.

1 MR. FLOYD: Heck we only talked about
2 performance indicators yesterday that we thought had
3 these problems. We have a number of performance
4 indicators, and as you probably noticed, we didn't
5 dwell on positives very much yesterday. We were
6 looking for issues.

7 We have a number of performance indicators
8 which are exactly doing what this slide says.
9 Particularly in the emergency preparedness area where
10 people weren't exercising their full range of -- of
11 drill teams in terms of getting them ready to handle an
12 actual emergency. And the performance indicators
13 driving them to cause more training for the lesser what
14 was considered to be not the "A" team but the teams
15 that were just as likely to have to handle an emergency
16 at the plant.

17 So there is a lot of positives. But I'd like
18 to go back to your enforcement slide if I could.

19 MR. SHERMAN: Okay.

20 MR. FLOYD: Just a second. There's a -- your
21 postulating, and I agree with your premise that the
22 civil penalties did not impose enough of an economic

1 burden on utilities to --

2 MR. SHERMAN: No, they were never punitive.

3 MR. FLOYD: They were never punitive, I
4 agree. What was punitive was the fact that they got a
5 notice of violation and got the press associated with
6 getting a notice of violation. And you're saying that
7 maybe the level of around 25 historically, taking out
8 the Millstone, might have been about the right level.

9 I just want to point out that the oversight
10 process, forget the PI's for a second, because where
11 the NOV's really come in in the oversight process are
12 in the inspection finding area. Okay.

13 What's -- I think the new oversight process
14 has the same incentives that the old one did.
15 Particularly when you consider that the civil penalty
16 aspect of it was not the major incentive. It was the
17 fact that you got an escalated violation was the
18 incentive.

19 The new oversight process in areas that are
20 just to be significant you get a white, a yellow, or a
21 red cited violation. Okay, you don't have a civil
22 penalty associated with it but you still get the press

1 release, you still get a citation issued, you still
2 have to respond back on the docket to the agency. And
3 there is a stigma associated with having posted on the
4 public web site a white, a yellow, and a red.

5 Now what's the level that we're seeing those
6 at? Through the first six months of the program we had
7 11 of those that went through the process. Multiply
8 that times two, that's 22. Your threshold is 25 seems
9 to be about the right number. I would argue 22 isn't
10 too far off from 25.

11 So we're still seeing about 25 escalated
12 NOV's, the ones that actually get a citation, with a
13 color posted on the public web site which is a stigma
14 to the utility. No utility wants a white, a yellow, or
15 a red posted on the public web site.

16 So there is all the incentive that existed
17 under the previous program to not have conditions at
18 the plant which draw that attention to you. At about
19 the same level as what we had in the past, I think.
20 It's pretty close.

21 MR. BROCKMAN: Okay, my comment was similar
22 to that. I didn't have the command or the data and I

1 was just going to bring up the point, I think, to
2 really -- your point is an exceptionally good point as
3 to where it is and what causes that hump is that
4 establish of the level as it changes in some inspection
5 focus that the agency made where we went out and very
6 aggressively pursued some engineering issues as an
7 initiative.

8 You -- you've got to look at that. But to
9 really get the data that you're trying to portray there
10 you need to realize that the new program has
11 substituted an incentive mechanism. And that being the
12 red conference and the acting matrix of meeting after
13 that for the civil penalty. And you, I think, you did
14 agree that the money wasn't the issue. It's the going
15 through the process and putting it in the public eye.

16 I don't know whether it would be the same but
17 it's an interesting -- an interesting thing to you.

18 MR. SHERMAN: Let me interject though to you.
19 I have not participated nor -- nor am I very familiar
20 with the regulatory conference.

21 MR. BROCKMAN: Okay.

22 MR. SHERMAN: And so you have to -- you can't

1 gang up on me I'm just a poor state guy. (Laughter)

2 MR. BROCKMAN: It takes another 10 or 20 of us to
3 really gang up on you, right?

4 MR. SHERMAN: Right. But from what I heard
5 yesterday if the regulatory conference -- if the time
6 in the regulatory conference is spent arguing over
7 whether something is green or white that is not
8 productive.

9 That -- that is totally non-productive. And
10 you can almost say that by -- by stepping back, doing
11 this guided imagery that I did with you. I mean,
12 what's the problem plant in New England now? Duh. I
13 mean, it's an end point.

14 Is it red? Do they have a red performance
15 indicator? Not yet. No, not on -- not on -- well,
16 wait --

17 (All talking at the same time; undistinguishable)

18 I understand. How about -- how about -- how
19 about in the South? You know, what's the in the South?
20 Well, Virgil Summers, duh. You know, Virgil Summer --

21 MR. FLOYD: Bill, I agree with you. You have
22 an extremely valid point. If we created the perception

1 on public web site that all they need to do is click on
2 that one summary chart and get a picture of the plant
3 performance --

4 MR. SHERMAN: It's handy.

5 MR. FLOYD: We have done a horrible
6 disservice because that is not what the new oversight
7 process is all about if I understand it right. I think
8 we should rethink that.

9 MR. SHERMAN: But I think you can make it
10 better by creating a number 19 and -- and

11 MR. FLOYD: Actually you got 28.

12 MR. SCHERER: I guess my concern is that all
13 our stakeholders, at least so far, have not gone to
14 that sheet. They've gone to the sand sheet which shows
15 -- there it is. That would show what the -- the PI's
16 and the inspection findings are for the plant. They
17 don't go to look at the industry. Our stakeholders
18 come and look at our plant. And our plant has not only
19 the PI's that we report but all the inspection
20 findings.

21 So doesn't that address the issue that you're
22 speaking to?

1 MR. MONNINGER: There is -- there is an
2 effort underway with MNR to put together a table, not
3 exactly similar, but very similar to the PI. You know,
4 it shows the entire industry, you know, all the
5 different colors without --

6 MR. SHERMAN: I understand -- I understand
7 the confusion. Can I go back to civil penalties just
8 for one second. You hauled that there was great
9 mitigating -- Communication disaster.

10 MR. BORCHARDT: You had hauled that there was
11 great value in the issuance of a civil penalty to a
12 licensee.

13 MR. SHERMAN: Yes.

14 MR. BORCHARDT: And I assume --

15 MR. SHERMAN: And I believe that.

16 MR. BORCHARDT: Both from the communicating
17 the importance of the issue to the public as well as to
18 the licensee so that corrective actions could be taken
19 in performance improvement.

20 Would you support the concept that there
21 could be equally effective incentives other than a
22 civil penalty?

1 MR. SHERMAN: Yes.

2 MR. BORCHARDT: And that is, I think, the
3 basis upon which we have withdrawn the more common use
4 of civil penalties. And it was -- it's the theory of
5 this oversight process that was developed that these
6 other mechanisms, the assignment of a significance
7 color to inspection findings and notices of violations
8 and the web site and all the rest could provide that
9 equivalent incentive to the civil penalty.

10 Is your view that that's not working? That
11 what's been constructed so far is not effective? Or --

12 MR. SHERMAN: No. That -- my view is that --
13 my view is that the panel needs to wrestle with the
14 issue -- wrestle with exactly that issue. And the
15 issue as I framed it was an issue of incentives because
16 I believe the -- the enforcement program wasn't
17 punitive. It was something that was meant to send
18 messages to do incentives.

19 And so the panel should -- should work on
20 what it is that creates -- creates the incentive.

21 But I do -- I have another -- I have another
22 quick point to make on the incen -- no, I don't, I'm

1 sorry.

2 MR. GARCHOW: Before you get to that. This
3 is sort of an interesting slide in that it's a slide
4 that's hard to disagree with. But --

5 MR. SHERMAN: I didn't mean it to be so -- to
6 be so pabulum like that.

7 MR. GARCHOW: If the -- I'm struggling just a
8 little bit from if you read the front of 10-C-FR-50 and
9 you read what the NRC Agency's role is. The role isn't
10 written by Congress to drive the commercial nuclear
11 industry to excellent or superior performance. There's
12 no words like that at all in the charter of the NRC.

13 The charter of the NRC is very clearly around
14 establishing the regulatory framework and system around
15 in assuming public health and safety. And within that
16 the whole right, wrong, or indifferent, the oversight
17 process is about -- there's a lot of performance which
18 assures that.

19 There's also a great deal of performance
20 above that, that assures public health and safety that
21 goes well beyond that. And the NRC's mandate is health
22 and safety.

1 My -- our industry people, in my specific
2 case, I have other drives that are driving me to
3 superior performance. It's not "late will be gone"
4 they're real drivers. And public health and safety
5 clearly is a driver.

6 But it's -- I can have very high public
7 health and safety in this environment and still not
8 have superior performance. And still have issues I
9 need to work on my plant to get to superior performance
10 for other drivers.

11 So the process of SALP in the oversight
12 process never was designed, I don't believe, to get
13 every plant to superior performance. It's not in the
14 NRC's charter. I get confused between the role of the
15 NRC and the role of management if we start mixing those
16 -- those goals together.

17 MR. SHERMAN: In the states we also preferred
18 ALAP instead of ALARA. Anybody go back that far?
19 Guess not. ALAP, as low as possible, instead of ALARA,
20 as low as reasonably achievable.

21 But -- but the NRC is committed to it through
22 it's strategic goal of establishing public confidence.

1 To establish public confidence you have to -- you have
2 to strive -- the regulator has to encourage you to
3 strive for excellence.

4 MR. PLISCO: I would disagree with that.
5 Because our first goal right now is to maintain safety.
6 And those words weren't just thrown out there. There
7 was a lot of debate on that first word. And it doesn't
8 say "continue to improve" --

9 MR. SHERMAN: We were able to be tested by
10 our disagreement on that the concept of only maintain.
11 But we asked you here -- but to build public confidence
12 you can't do that -- you have to -- you can't work for
13 mediocrity and establish public confidence.

14 MR. BROCKMAN: We asked you here to give us
15 your insights as to that, not our insights as to what
16 is establishing public confidence, and you're sharing
17 with us the State of Vermont's viewpoint establishing
18 public confidence is key and establishing as high of a
19 margin for safety as there can be.

20 MR. SHERMAN: Thank you. You said it better
21 than I could. Thank you very much.

22 I want to finish this concept of incentives.

1 I have one more -- one more statement and it will -- a
2 conclusion.

3 Still what I'm saying about incentives, you
4 know, and I appreciate putting up the -- the inspection
5 finding colors. But what I'm saying about incentives
6 is really true.

7 Take again, let's go back to yesterday's
8 discussion on, what was the word? Piggy backing.
9 That's not the -- what was --

10 MR. FLOYD: Stacking.

11 MR. SHERMAN: Stacking. Again, you have
12 created an incentive to stack which is not what is
13 desirable.

14 MR. BROCKMAN: Absolutely.

15 MR. SHERMAN: And that's the incentive that
16 you've done that. And that's, again, that's because
17 over here on this side the incentives that are created
18 are not the kind of incentives that were created
19 previously.

20 And -- and to the extent that the system that
21 you've created is establishing incentives to do
22 stacking, to do delaying down powering, to do not get -

1 - not get white at any cost. That's a problem with
2 your system.

3 And I suggest, though I'll leave it to the
4 panel to go and ferret this out, I suggest that every
5 instance where the incentive is an adverse incentive is
6 an example where the performance indicator doesn't
7 really work toward performance.

8 MR. PLISCO: Sure. I think we agreed to that
9 yesterday.

10 MR. SHERMAN: Yeah, and that's a structural
11 problem in the way that the system is created. And,
12 again, another thing that's obvious that I think would
13 be the best is -- you're right I -- I focused a lot on
14 -- on this which is so easily attainable at the web. I
15 think that you need to take those inspection findings
16 and make another column here. Maybe condense these
17 down into eight columns. You all got that.

18 Okay, my last comment. This and maybe with
19 the inspection findings gives the impression that Dave
20 is right about Lake Wilbegone. That there are not poor
21 performers.

22 In other words, from the public's point of

1 view you take a look at this and you cannot
2 differentiate between -- between what's there very
3 well. Part of my own problem is that Vermont Yankee is
4 completely green. But I know that Vermont Yankee is a
5 SALP 2 plant. Solid SALP 2 plant. I mean, goodness in
6 the last ... the folks climbed over the fence and took
7 over the plant.

8 And so what are you going to do about that?
9 Differentiation. Now, here's something that has been
10 expressed in public in another form to you before but I
11 manage a panel in Vermont called the Vermont State
12 Nuclear Advisory Panel. This is a panel of -- of two
13 politicians, two public citizens, three bureaucrats,
14 I'm one of the three, and my boss the Commissioner is
15 the Chair of this panel.

16 It's existed since the early '80's and its --
17 its function is to observe Vermont Yankee and to kind
18 of oversee Vermont Yankee. They're people who have
19 other jobs and other lives so they don't spend their
20 lives in these things. They are honest public --
21 public people. They are not anti-nuclear people. They
22 are not pro-nuclear people. We have had legislators

1 who are -- who are -- have those kind of colors but --
2 and when Bill came down and presented this program to
3 us, an honest public comment, is that this color scheme
4 is childish.

5 The person that -- that presented it was a
6 doctor and professor at St. Michael's College; a
7 professor of physics. He said, "This is something that
8 you would do in elementary school for first graders."
9 It's childish.

10 The greater problem is that it doesn't give
11 differentiation. You can't -- it doesn't give the
12 public what the public needs to differentiate.

13 So what I pose as a question is "What method
14 do you use to determine the need or to create
15 incentives for improved performance?" Dave, what you
16 were saying before, you know, management systems. What
17 is it that management uses to know that performance
18 needs to be improved?

19 If you said "none" that's a problem. Because
20 I don't believe, you know, I believe that there are
21 plants which need improvement.

22 MR. GARCHOW: We actually use performance

1 indicators much in the same way that they have --
2 several orders of magnitude --

3 MR. SHERMAN: If you say performance
4 indicators and if these performance indicators are
5 similar to the cornerstones and the -- then -- but that
6 would be something for the panel to consider is -- is
7 if you say you use judgement or if the NRC -- if in the
8 NRC determining whether they felt the plant's
9 performance needed to be -- if you say that you needed
10 -- you need the judgement of the senior resident's then
11 you should have that as some 19th indicator.

12 And I wanted to get to this point. If you
13 say that you use to determine whether the plant needs
14 to have better performance, then you need to make the
15 IMPO system public so that the public can understand
16 what's out there, because we can't understand from
17 this.

18 So if the plant is using IMPO ratings at all,
19 and this panel could determine that those indicators
20 need to be made public.

21 Now if you're using something else and not
22 using IMPO, but I suspect that IMPO is one of the

1 primary drivers for providing incentive to create
2 performance. And I think that that's -- it's a shell
3 game. I mean, you kind of switch this for the
4 performance indicators that were there with DESALP, and
5 then you're using the numerical performance indicator
6 from IMPO to create your own incentives.

7 Regardless of what you decide on, the public,
8 in my opinion, needs a numerical system. I know that
9 through the process, Steve, that your folks have
10 created and kind of done with these folks, you've made
11 that numerical system an athena. But the public really
12 needs that. There needs to be a bottom quartile.

13 So I would urge the panel to struggle with
14 that and to come up with some system of creating
15 numerical ratings so that the public can understand who
16 are good performers and who are not.

17 MR. SCHERER: Let me understand that. Dick,
18 your slide on differentiation and the bottom quartile,
19 what is you believe that the public information is
20 valuable public information? Is it that the plant from
21 Main Yankee or any plant is the top, middle or bottom
22 performer? Or is it more important to the members of

1 the public and for your benefit, to understand whether
2 it is a good performer, well within regulatory margins
3 and marginal performer, or an inadequate performer?

4 Those could be two different things. Even
5 compared to the region. You asked four regions. You
6 didn't ask the question: Is the worst performer in
7 Region I better than the best performer in a different
8 region?

9 At some point what does it mean to be in the
10 bottom quartile? There will always be a bottom
11 quartile. There will always be a top quartile. The
12 question to me is: What's the relevant question? Is
13 the relevant question which quartile you're in, or is
14 the relevant question: Are you a superior -- well
15 within regulatory marginal or below acceptable safety
16 levels? Which is the question did you think needs to
17 be answered?

18 MR. SHERMAN: I have an answer for that
19 question, and here's what it is. The model that I
20 believe -- the truth that I believe is that nuclear
21 plant performance ebbs and flows.

22 In the past there were times when it was

1 useful, necessary, helpful to send messages to plant
2 management that there needed to be changes.

3 So sometimes the bottom quartile changed. I
4 mean, it's terrible to face the bottom quartile. Now,
5 we always -- I always go to great lengths to justify to
6 the public that when Vermont Yankees operations went
7 from three one's and a two, to two one's and two two's,
8 and then one-one and three two's, that that still
9 reflected safe operation in public health operation.

10 What it shows is that there's improvement
11 that can be made at Vermont Yankee, and I'm happy for
12 the pressure that Salp allowed for them to make it. I
13 would still send public messages that they were safe,
14 and that things were -- you know, the safety was there.

15 The problem, Ed, is that the public knows
16 this isn't true. The public knows that there are good
17 performers and bad performers. You already know that
18 the public has skepticism of nuclear power. So when
19 you, the industry, creates a system which says, "We're
20 all good," the public doesn't believe you.

21 I hate to say this in public. Turn your
22 machine off. You are your own worst enemy often,

1 because, when you have a regulator who is regulating
2 you strictly, the public has confidence. The public
3 has more confidence in Chairman Slesinger, Anders and
4 Rowden's statement than what's happening now.

5 The war that you have won is not good. I
6 don't know. You won't invite me back, so...

7 My last comment. We would like you, the
8 panel, to conclude that now that the system is in
9 place, we should develop some numerical rating through
10 it. I don't care. Give the whites all, give the
11 greens and whites numbers and then add them all up. Do
12 whatever you want to, but -- because if you won't,
13 somebody else will.

14 If you don't create a numerical system,
15 Lockbaum will do it for you. And then the rest of the
16 world will use Lockbaum's system. Because the public
17 desires an ability to differentiate. And again this
18 was a true public comment, a true public reaction to
19 your system from my Visnet member.

20 MR. FLOYD: I also find your comments very
21 interesting and thought provoking as well. Do you have
22 any insight as to why the public needs this for a

1 nuclear power but they don't need it for automobiles,
2 for airplanes.

3 I mean, FAA doesn't say this airline is a 1.6
4 airline or 1.3 airline, and don't buy this car because
5 it's in the bottom quartile.

6 This is the only industry thus far that we
7 have -- used to have a rating system. I'm wondering,
8 do we like the rating system, the numerical scores?
9 This is what we used to have. And now we don't. Or do
10 we feel we really need it relative to other risks in
11 society. And I would just like to hear your insights
12 on that.

13 MR. SHERMAN: Again, I hate to be cute. If I
14 tell my wife I love her, if she doesn't think I love
15 her, it doesn't matter how much I tell her.

16 The public is scared of radiation. They are
17 scared of the word "radiological, radiation," and
18 whatever. Goodness knows in Vermont we would like to
19 transport nuclear waste to a more environmentally
20 suitable location in Nevada. That's because Vermont is
21 not environmental suited for ...

22 (Laughter)

1 You understand, don't you?

2 UNIDENTIFIED PERSON: Oh, I understand
3 perfectly.

4 MR. SHERMAN: Good. I mean, you can't help
5 where the public is on this. And you've done lots of
6 studies, and, Mary, folks like you have studied that
7 industry or the public as to why they believe it. I
8 mean, but the public knows that -- I mean, this isn't
9 helpful to the public, because the public doesn't
10 believe you.

11 I mean, if you create Dave's system, the
12 public knows that's not right. So the best you can do
13 is to come up with a system that does provide some
14 gradation but continues to explain that it's safe.

15 Here's my last point. My last point in my
16 conclusion is to thank you all for enduring with our
17 views here. And if there's anything I have said that's
18 useful, I hope the panel will consider it.

19 The strongest statement that we feel is, I
20 work for the agency in Vermont, the Department of
21 Public Service, basically the Public Utility
22 Commission. I'm part of the public advocate system in

1 Vermont. We monitor electricity deregulation. We
2 monitor the money as well as nuclear safety. And we
3 are really concerned about the impact that deregulation
4 is going to have on nuclear performance.

5 The reason that I gave you the Chairman
6 Anders statement and Chairman Rowden's statement is
7 because we believe the direction toward reducing
8 regulation at a time when the pressure on the utility
9 dollar is going to be stronger than you've ever
10 experienced is the wrong direction. And we believe
11 that regulation needs to be especially vigilant at this
12 time.

13 So my last comment to the panel is that the
14 panel should recommend the creation of a performance
15 indicator and appropriate inspection procedures to
16 gauge whether cost cutting is effecting safety.

17 I hate to kind of be a harbinger of bad news.
18 That was what created the Millstone and the Main Yankee
19 issues, is what created Tokomura, and what has got
20 regulatory problems with British energy, and it is
21 going to happen again.

22 I mean what we learned from utility history

1 is that utility don't learn from history. And so if
2 you believe that the utilities all saw Millstone and
3 Main Yankee and know that it's foolish to cut costs
4 because, ultimately, that will result in bad things,
5 maybe they will learn those messages.

6 But I believe that there will be someone out
7 there who, when the dollars are just so tight, the
8 maintenance budget will erode and the decision to put
9 off this and that -- and I believe that there needs to
10 be specific inspection methods to look just for that.
11 Again, that's going to be what happens in the 2000s
12 here.

13 Thanks.

14 MR. BROCKMAN: Would I be correct in saying
15 you'll probably be making that statement on the old
16 program, the new program no matter what. That's
17 irrespective of the new program. It's an overriding
18 concern.

19 MR. SHERMAN: Ken, you're real good at
20 cutting through, but, yes. I mean that's something
21 that we expressed in our letter in February, and
22 something we believe very strongly.

1 But I believe that in the creation of the
2 revised Oversight Program you have the ability to
3 develop the mechanisms within this. You know, a
4 performance indicator that gauges whether cost cutting
5 is a driver.

6 And, Steve, your folks won't like that.

7 MR. FLOYD: No, no, no. If we can find a
8 good one, that's a good one.

9 MR. SHERMAN: Do you have any thoughts on
10 what that indicator might look like?

11 MR. FLOYD: No. Quite honestly, Bill, we
12 looked. We have looked in -- with the data we have
13 available, and maybe we don't have the right data, but
14 we've looked at a fair amount of data. And every time
15 we saw where we thought we could detect a degradation
16 in safety, where there was a cost-cutting measure in
17 place, we could find another plant that had an
18 improvement in safety with an almost identical cost-
19 cutting measure in place. So maybe we don't have the
20 right metrics yet, but we have looked.

21 MR. SHERMAN: I think that the people that
22 Jim represents at the table here can have a feel for

1 whether this is happening.

2 It may be part of this developed assessment
3 you would call subjective, rather than, but I spent
4 five years or so starting with an interaction I had
5 with Commissioner Rogers, and then moving from that.

6 There are things that you can look at that
7 are gauges of cost-cutting affecting plant performance.
8 Like, maintenance backlog; like the decisions to put
9 off things. You can find that.

10 I think you should have a color indicator
11 that, if you have more than one of those things, you
12 should be in some color other than green or white, if
13 you can attribute the degraded performance indicator to
14 cross cutting. Could the decision not to have done
15 something that you otherwise would have done.

16 So I think it is possible to do.

17 MR. BLOUGH: If you don't mind I'll -- well,
18 I think this has been very interesting. I just wanted
19 to comment on the area of the developed assessment,
20 because I think you make good points there.

21 I think it is important to me that no matter
22 what our program is that we still be thinking about

1 those things you had on the left side of your slide
2 that are the cultural in the south areas.

3 I think it is important that all the
4 inspectors, as well as everyone associated with
5 industry, is thinking about those issues. And I guess
6 under the old program that developed assessment became
7 the assessment.

8 The way I see it in our new program is that
9 (1) I'm worried that inspectors and managers really in
10 the agency will kind of stop thinking about those other
11 things, and so we have to have counter measures against
12 that.

13 But the way I see them working is that (1) in
14 discussing internally, you develop assessment. If we
15 think it is way off from what the new program is
16 showing us for that plant, that's like the agency as to
17 whether the program is really working for that
18 facility.

19 And secondly, it has to feed into the
20 inspection planning. Not deciding what inspections you
21 do, but what samples you pick and how you go about the
22 inspection. If we lose that and the inspection becomes

1 too rout, we've got a problem.

2 I guess that's where I am. If that developed
3 assessment is way off from what the new program tells
4 us, that's a problem. I guess for the purpose of the
5 panel, I don't know how we would figure this out. But
6 if the panel had a sense the new program could be way
7 off on a plant. And I think we differ on that 'cause
8 you want differentiation. I just want differentiation
9 of the straights. The ones that are into some
10 substantial degradation of margin, if we can be that
11 far off. I think that's a problem. I think the panel
12 has to think about that: Could the new program be way
13 off on plants.

14 MR. SHERMAN: I think our interests are a
15 little bit different. I mean, my interest in kind of
16 engaging with the public, and your interest in being
17 able to assure. They're a little bit different.

18 MR. FLOYD: Right.

19 MR. SHERMAN: And so there's a reason
20 for...but one thing I do believe about developed
21 assessment, you know, notwithstanding our desire to
22 have you not put this program in quite as fast as you

1 have, we are still confident that safety is being
2 maintained and regulatory safety is being maintained.

3 But primarily because of the people that ran
4 to you, Ken, Loren, and Steve, and then you at the
5 table, Jim, represent, we have high confidence in the
6 senior resident inspectors that you put out there.
7 Because after all is said and done, I believe that
8 their integrity is strong enough so that they would
9 raise, create, and resolve serious issues if they came
10 up.

11 Now to the extent that this new system will
12 degrade that, that's another problem.

13 MR. GARCHOW: We'll take a 15-minute break.

14 (Off the record at 10:05 a.m., and reconvened
15 at 10:26 a.m., same date.)

16 MR. WRIGHT: My name is Gary Wright. I'm
17 basically here today to provide you with our
18 observations in Illinois with the new program, and some
19 things we think are very good; a few things that we
20 think needs improvement; and a few areas we have
21 concerns with; and basically our conclusions at this
22 point, realizing, of course, the program is brand new

1 and evolving.

2 I'm actually Manager of Nuclear Facility
3 Safety with the Agency, and that includes our Resident
4 Inspection Program and some other things as well.

5 As most of you are aware, we've got at this
6 point in time six operating stations in Illinois. We'd
7 had seven. Of course, Corsime, unfortunately, is no
8 longer operating. So we have a significant investment
9 in nuclear power in Illinois. And a real strong
10 program in terms of nuclear safety.

11 To kind of give you a little background and
12 perspective on where my comments are coming from, and
13 what I've experienced thus far in the program, is that
14 we have resident inspectors at each of the plants. And
15 these are high-qualified people. Most have had 15-20
16 years experience in nuclear industry. Former SROs,
17 STAs, etc., degree engineers, so they're all people
18 have a lot of experience and have a high confidence in.

19 In putting this talk together, I actually
20 went out to each of these inspectors and said, "Give
21 your comments about the new program. What's your
22 experience? What do you see are the good points? And

1 what do you see are the bad points?"

2 And also with their management, I talked with
3 them as well.

4 And realizing, of course, that this still a
5 very immature stage in the program, there's some
6 misunderstandings among my people. I'm sure there is
7 among NRC people. It is pretty clear there's still a
8 lot of concerns out there.

9 In any case, in addition to our resident
10 inspectors, we also have couple of ASME Code
11 Enforcement Agency in Illinois, and we have two people
12 who are both degree engineer. One of them is a member
13 of a number of sub-committees of the ASME itself, Larry
14 Sage. And he's been actually working with the PRA
15 standards group that's working on a new standard.

16 And these people, of course, I talk with them
17 as well. And they're out in the plants on a regular
18 basis, so I have some confidence in what they have to
19 say.

20 Of course, Quad City was one of the pilot
21 plants, and I want to correct the record here. We
22 don't think Quad City is a problem plant. Of course,

1 they had an unfortunate situation in the yellow. In
2 fact, the inspector there feels that that plant
3 probably is not significantly different than the other
4 plants. I just wanted to correct the record there,
5 even though the fact the system may actually be showing
6 worse than what it is. Anyway, I want to correct the
7 record there.

8 And I also was a member of the pilot panel
9 that preceded this group, so I have a little extra
10 perspective on the questions that are coming up here.

11 We've had quite a bit of involvement up to
12 this point in the new program, and want to share our
13 experience with you.

14 Like I say, these aren't just my comments. I
15 kind of polished them up a little bit. Basically, my
16 people feel that under the new program regulation is a
17 consistent and less subjective. Of course, that's one
18 of the goals, is to try to get rid of some of this
19 subjective regulation that the industry feels has been
20 a problem.

21 It was kind of interesting listening to Bill
22 because several points were kind of 180 degrees out, if

1 you will. I remember the 70s quite well, too, but the
2 thing I remember most about the 70s was Morgan Rasmus
3 and the Worst 1400 Report. And at the time that came
4 out I looked at it and said, "Guys, why don't we use
5 this to inspect the plants."

6 And my big question is, "Why did it take 25
7 years to put this into play?" So we're directly
8 opposed there, I guess. Because to me that kind of
9 science makes a lot more sense. Focus on what is
10 important and have confidence that you are really
11 looking at the important things, and they are working.

12 And based on feedback from my people so far,
13 they believe that inspections are more focuses on
14 significant items. They feel that the new system
15 provides more structure for the inspectors, and in some
16 cases -- I'll talk a little bit later -- maybe a little
17 too much structure.

18 But in any case it seems that the people out
19 there feel that things are being focused on in a more
20 structured manner by inspectors.

21 And my favorite part of it is that the
22 process is more scrutable by people who aren't directly

1 involved with it, like myself, more of a manager.

2 I can go in and look at the new web site, for
3 example. And here again Bill and I -- this is kind of
4 another area where Bill and I disagree. I should say
5 we disagree on the details, but our goal is the same.
6 We want safe plants and plenty of protection for the
7 public's health and safety. It's just that we didn't
8 feel the old program was near as good as a lot of the
9 other states thought it was. And we'd kind of liked it
10 to have been better.

11 The color coded plaque-status items we think
12 are easy to understand. I mean, it was always -- if
13 you remember the public, and you're looking at South
14 reports, is one better than three, three better than
15 one? Looking at violations, is a Level 4 worse than a
16 Level 1?

17 If you're looking at the audience as being
18 the general public, we kind of think that color coded
19 is not all that bad. In any case, that's my take on
20 it. I like the way it is presented in terms of if I go
21 into a finding, click on that, go down to that specific
22 cornerstone and issue, and take a look at it; I can

1 have access to the inspection report. I can dig right
2 in; go right down to and find out exactly what the
3 problems were; call my inspection and say, "Okay.
4 What's your take on this?" For me, I think it works
5 very well.

6 Problems with the new system, I see that
7 might be a problem for the general public is in cases
8 where you have a past problem, so to speak, like Quad
9 City, it's not clear that that yellow was a past
10 problem that may have been totally fixed, but it is
11 carrying over into the present in terms of the way
12 things are calculated. So there's some problems with
13 it.

14 But in general if you just to say: Guys, how
15 is my plant doing? And you're a member a public, and go
16 in there and take a look, it tells you in basically and
17 readily understandable terms by the general public, I
18 think, what the status of your plant is. I think the
19 system itself is not all that bad. There's certainly
20 room for improvement, but I kind of like it, folks.
21 And it gives me quick access to the information being
22 on web. Those are things I like about it. So I guess

1 it is kind of like the Bush-Gore thing.

2 MR. BROCKMAN: Looking there and very quickly
3 and get a perception and differentiate between
4 different plants. Is that something you are going to
5 talk about later, or is that a --

6 MR. WRIGHT: Just a little bit. I'm going to
7 talk about the green findings. We'll get to that.

8 MR. BROCKMAN: Okay. Put on hold.

9 MR. WRIGHT: I want to talk about areas that
10 we see some opportunity for improvement in the system.
11 We for some time, and you're probably tired of hearing
12 us whine about it, but we feel that good PRAs are the
13 cornerstone of the cornerstone, so to speak. If you
14 don't have good PRAs for a risk-based system, how good
15 is the system. And we're hopeful that this new
16 standard will be helpful that ASME is working on.

17 I was talking with my guy who has been
18 working with them, and he thinks maybe February or
19 March, hopefully, they'll have something that people
20 can agree on. I don't know how good that will end up
21 being, but hopefully it will spur on.

22 I think probably out there -- I know Tom and

1 Ed got PRAs and probably most of the plants out there
2 do. But I think it is important to have across-the-
3 board standard that everybody meets so you have common
4 ground to work on. Because if you've got a system that
5 is built on a lousy foundation, you know, the house is
6 not -- you're going to less confident it is going to
7 stand for a while. So we're still pressing for that.

8 We also would like that data available to the
9 stakeholders, the public, etc., people interested in
10 digging in and finding out. And I think this is
11 something that even the chairman suggested recently
12 would be good to have is access to the data. And we
13 certainly in Illinois would like to have access to that
14 data.

15 MR. GARCHOW: What data would you use as PRA
16 data? It is hard for many people outside of our big
17 group of PRA folks to really understand totally the
18 construct of a model. It is sort of a specialty deal.
19 What data would you think from the PRA would be
20 beneficial to the public?

21 MR. WRIGHT: The name of the code escapes me.
22 There's a code that NRC uses.

1 MR. TRAPP: Safire?

2 MR. WRIGHT: Safire. We got Safire. It
3 would be nice to have the actual plant into those.
4 We've got now the generic data. But actually have
5 data, as much as possible, on failure rates on special
6 systems or components of the plant. What are the
7 utilities actually using for failure rates, etc? It
8 would be nice to have that data.

9 And I know according to Gillespie the current
10 system, the envelope in these STPs covers the worst
11 case situation. So if anybody has a PRA that's halfway
12 of quality, they ought to be able to better the numbers
13 in that STP process. That was his argument.

14 Now that may, in fact, be true, but I think
15 our people are a little concerned that they'd like to
16 have a good strong PRAs to rely on in doing the STPs.

17 Corrective Action PI. There again, well, the
18 backbone of the system, of course. All the green
19 findings go into the correction action program. And
20 one of the problems with that is that, if you have a
21 bad Corrective Action Program, that will probably go
22 back into correction action program.

1 We would like to see strengthening of the
2 corrective action inspection activities. And I guess
3 this newest version of the PI&R inspection procedure
4 does now provide for the process of your baseline
5 inspections actually taking a look at that.

6 The only thing that's not clear to us is how
7 that will feed into the annual inspection, and how that
8 will all play out. But we're glad to see more emphasis
9 is on that now, because that really is a backbone that
10 needs to be very strong for this new system to work.

11 MR. PLISCO: Do you have any ideas on that?

12 MR. WRIGHT: No, I don't have any good ideas
13 on that, whether it would somehow to rate from a risk
14 standpoint the corrective action items, and then to
15 somehow look at the percentage of those that have been
16 implemented over a period of time, I don't know. But
17 that would be the kind of thing, I think, you would
18 want to look at to make sure that they are, in fact,
19 aggressively addressing the more risk significant items
20 that are a problem. And I don't have any good
21 suggestions on exactly how to go about that. But
22 certainly that should be the intent of any PI in that

1 area.

2 Of course, steam-generator PI, we were
3 harping on that back sometime ago, too. That somehow
4 didn't end up in the system. I guess they're looking
5 at that again now with the Indian Point situation.

6 I was kind of interested in Ed's comment that
7 certainly less leakage is better than more leakage. So
8 those kind of things, I think, I'd want to look at in
9 terms of a PI for steam generators.

10 MR. GARCHOW: What would that look like?
11 What kind, like percentage of tubes plugged?

12 MR. WRIGHT: Yeah, it could be a percentage
13 of tubes plugged, leak rate, gallons per minute or
14 whatever. I don't know. I think there's several
15 things to be considered. I'm not an expert in that
16 area.

17 MR. GARCHOW: Because that would tend to
18 focus on whether you're managing your steam generators
19 as opposed to the construct of the process, which is
20 supposed to be giving you an idea of how your
21 management is.

22 MR. WRIGHT: See, from our standpoint we're

1 in an off-site agency primarily concerned with public
2 health and safety. We look at PWRs as getting a major,
3 primary, secondary leak during an accident situation,
4 you can end up with a direct release to the atmosphere.
5 So that's our primary concern, that we look on that as
6 a fairly important piece of equipment, so to speak, and
7 are surprised that its not played a bigger role.

8 I guess if you look at possible event, maybe
9 it doesn't play out to be a major factor. But
10 certainly, from our standpoint, we're always interested
11 in direct releases to the environment.

12 Areas for Improvement. Some areas that we're
13 concerned about. During the pilot panel it was, in
14 fact, stated that there wouldn't be any old system any
15 more. That there'd be the new system, and then maybe
16 some variation of the new system. And it appears that
17 all plants are reporting now PIs -- or under the Risk
18 Based Inspection Program.

19 But now I see the chairman has been talking
20 about the fact that maybe dual oversights are coming
21 back into play. And I don't understand how that would
22 play out. Would you have deterministic type inspectors

1 and risk informed? I don't know how that would work.
2 It may be something you want to take a look at, or
3 maybe people have talked about that already and solved
4 that problem.

5 When I see that, it kind of raised the flag
6 in mind. But you'd end up with a real problem trying
7 to regulate under a dual scheme there for different
8 types of situations.

9 MR. FLOYD: From our conversations with him,
10 I think where he's coming from on this -- and maybe
11 some other testimony on this, too -- but where he is
12 coming from here is, is that the regulations are
13 deterministically based. And the NRC has the
14 responsibility to make sure that the plant is in
15 conformance with the regulations, because that's the
16 licensing basis. And what they wouldn't want to have
17 happen would be to make the inspection process purely
18 risk informed, and not also pay attention to why you're
19 preserving the licensing basis for the plant, which is
20 still deterministic.

21 Because position is that until such time as
22 we make the regulations be risk-informed, and adjust

1 some of the deterministic requirements to make them be
2 risk informed, you can't get full alignment. They're
3 very sensitive to the issue of -- if a plant were to
4 start to degrade and get a lot of publicity, and it
5 came out that the NRC was no longer looking at whether
6 or not they were complying with deterministic
7 requirements, which is the basis for the plant, that
8 would be a pretty tough argument to sell to the public.
9 So that's where, I think, he's coming from.

10 MR. BORCHARDT: I think -- I may be overly
11 personal, sensitive to that, but I'm not allowing the
12 enforcement program to be used as a way to rewrite the
13 regulations. I don't believe it's appropriate to
14 selectively enforce some regulations and not others.

15 If there are regulations that need to be
16 changed, given our best more recent thinking, being
17 more risk informed, then let's change the regulation,
18 and obviously enforcement will go away with it.

19 And so I think the dilemma that the chairman
20 has been referring to, and we've had some interaction
21 with recently, in that we cannot ignore the relevance
22 of compliance with the existing licensing basis,

1 regulatory basis.

2 Now even though we're trying to become more
3 risk informed than what we do, and what the regulatory
4 response is, I think that's where there might be some
5 confusion.

6 MR. WRIGHT: That confused me. I was
7 wondering how this would play out.

8 MR. PLISCO: That was part of the issue I was
9 talking about yesterday too. The guys who really feel
10 it are resident inspectors, because they're being
11 trained to use the risk information; they're being
12 trained to focus on risk-significant issues. But when
13 they find it, I mean I'll over simplify it for purely a
14 compliance issue and really not the risk significance,
15 they still have to deal with that.

16 And I think some of them get -- I wouldn't
17 use the word "confused" but it has caused some
18 frustration. I think they still have to deal -- they
19 know it is not important but they still have to deal
20 with it. But until that requirement gets changed, they
21 have to deal with it. They feel that on a day-to-day
22 basis.

1 Now part two is, we're seeing some overflow
2 into how the utility does business too. We've had a
3 number of situations where utility was not complying
4 with their text-spec, and they had a very rational,
5 good technical reason on why it was not important that
6 they follow the text-spec. But it was good rationale
7 to change the text-spec, not a rationale not to follow
8 that.

9 And they are falling into that same trap, as
10 they're starting to use this risk information in making
11 their decisions. But they forget there's still this
12 regulatory framework that hasn't caught up yet that
13 they still have to follow. And we've seen a number of
14 those kinds of situations occur. Part of it is getting
15 ahead of the other part of the process.

16 MR. SCHERER: You're making a very good
17 point, and I think we were discussing some of that
18 yesterday. But I think we ought to make sure we
19 capture that thought.

20 MR. WRIGHT: I said earlier that there's more
21 structure for the inspectors, but I don't know how
22 widespread this is. I guess Mr. Reynolds isn't here

1 today. But Region III seems to be interpreting that
2 fairly tightly. You know, this is how many hours I've
3 got to do this, and I can't spend more time doing that;
4 I need to move on.

5 Ken indicated that maybe that's not the case
6 in his region.

7 But in any case I think that while, you know,
8 we don't advocate inspectors running amuck or going on
9 fishing expeditions. I think if there's a key interest
10 in a particular safety issue that an inspector is
11 pursuing, if he runs out of hours according to his
12 inspection plan, he shouldn't be cut off from doing
13 that.

14 And I think that maybe the message that's
15 going out there to some extent, at least to some of the
16 regions, is that, guys, you've got to keep within these
17 hours. And I think that would be a mistake to be too
18 closely limit the hours of the inspectors. I think
19 they should have the opportunity to dig into things if
20 they consider them important, without a whole lot of
21 approvals from regions.

22 MR. BROCKMAN: You have summarized very well.

1 Certainly if an inspector is out there pursuing a
2 safety-related issue and his clock goes off, take the
3 dial and shoot it back around and let it keep on
4 ticking and you keep on doing your thing. You don't
5 worry about that.

6 If you get to the end of the hours and you've
7 met the inspection, what it is meant to do is say, all
8 right, you have sampled that to the degree that was
9 right. We haven't turned up significant issues to go
10 on because there are other things that also need your
11 attention. And that's how we're approaching the hours
12 aspect. It becomes very much a budgeting tool as to
13 how large is the program and how many resources do you
14 have to comply with the program.

15 When you go over, there's a price that's
16 going to have to be paid. And it's either taking
17 resources out of my discretionary basket or causes me
18 to go into overtime; causes me to dedicate other
19 resources to go out and supplement, what have you.
20 That's not a problem. It should never come in to
21 compromise on following up safety issues.

22 MR. WRIGHT: Yes.

1 MR. SCHERER: Are you aware -- do you know of
2 any cases where you think an inspector didn't follow up
3 on an item because of --

4 MR. WRIGHT: Not specifically. I'm careful
5 here not to get into specifics, because part of these
6 are impressions from the inspectors. One of the
7 impressions is -- you notice I don't want to mention
8 any specifics. One of the impressions is that there's
9 a lot of pressure not to exceed their inspection hours
10 out there, at least in our region.

11 During the pilot process, I mean we were
12 clear to state that, gosh, maybe the goal was 15
13 percent in inspector hours over the long haul. That's
14 what we expect to get. But we don't want to make that a
15 goal, because we certainly don't want to short safety
16 here.

17 So I just caution that that message needs to
18 be clarified out there.

19 MR. PLISCO: I can't speak for Region II, but
20 I know Ken and Randy, we talked about this before.
21 There was a concern about this.

22 And I know for Region II, and they can speak

1 for their regions, the guidance we put out is,
2 especially during this first year, conduct the
3 procedure, conduct every line item in the procedure,
4 and whatever it takes. An hour. That's what it takes.
5 I mean they were estimates. They may be wrong.

6 And as you know there's lots of variables on
7 how long it takes to do an inspection. How many issues
8 come up. How easy it is to retrieve the information.
9 There's a lot of other variables. The experience level
10 the inspector has. Those numbers are really
11 constructive to help us budget resources, rather than
12 to see that inspection has to be done in that amount of
13 time. A lot of those numbers may change after we've
14 gone to this first year.

15 MR. WRIGHT: That's what I think was
16 expected. With time you'll find there are some areas
17 that's just not worth spending much time on. And it
18 may be different than what you originally thought. And
19 other areas down the road where you want to spend more
20 time on it. And those should be guided by the risk
21 significance of those particular areas and on a
22 particular plant.

1 MR. MOORMAN: Our guidance has been to do the
2 inspection, and let the hours fall where they may. If
3 we have an issue, we follow the issue until it is
4 resolved. What we have used the hours for is just a
5 general guidance of the depth that we should go into
6 the procedure.

7 If there's any question about any sort of
8 interpretation with that particular inspection
9 procedure, we'll say, well, this is what the author had
10 intended.

11 Now I can tell you that it doesn't take us
12 nine hours to do a evaluation, and it takes us more
13 than two hours to do a surveillance observation. So
14 there are some imbalances in there that we're working
15 out in the first year.

16 But the hours have not constrained us to any
17 amount in pursuing the safety issue. I've charged a
18 bunch of hours to one particular module because I had
19 to pursue the safety issue.

20 MR. TRAPP: We've heard feedback from
21 inspectors that say something like a maintenance
22 observation. They feel that's an important activity

1 that the new program doesn't allow them to look at
2 maintenance. So I don't know if those kind of
3 constraints would fall into this category. But it
4 might be something you want to think about.

5 MR. PLISCO: I think that's more of a scope
6 of the procedure rather than just the hours.

7 MR. TRAPP: Right.

8 MR. PLISCO: We've been very cautious to make
9 sure, when we ask questions about hours, that we are
10 not implying that the number they've written down is
11 wrong. We've had that experience in the past from the
12 old inspection. If you keep asking why isn't this 32
13 hours, eventually they're going to tell you it took 32
14 hours. Once they figure out that's the right answer.
15 We've been very cautious not to ask questions that way.

16 One thing we have done is to make sure what
17 we see hours significantly high or significantly low to
18 the estimate is to find out why. And we do talk to
19 inspectors frequently when we see real high numbers or
20 real low numbers. And to make them understand that it
21 falls into what we thought was the normal variables.
22 Maybe there weren't any issues they had to develop.

1 Everything was clean. To make sure we understand why
2 there is a variance, so at the end of the year, when we
3 look at all these numbers, we have some logic as far as
4 what the next year what that estimate should be. If we
5 need to revise that estimate, make sure we understand
6 that.

7 But I know we're careful when we ask that
8 question: Why did it only take ten hours? Why did you
9 take this many hours? How we ask that question.

10 If you're asking a question and you have the
11 data, let people know it sticks out. They're going to
12 be asking why. Even so, it's very comforting.

13 That very building has the categories -- the
14 elements are built into two categories: One is
15 legitimate variability, based on the complexity of the
16 inspection; the difficulty -- I said all this
17 yesterday.

18 The second is inconsistency. The procedure
19 is misunderstood. So you do need to try to find the
20 inconsistency without ironing out the legitimate
21 variability. I think it's a challenge. No matter how
22 many times you try to re-enforce the message, it's a

1 challenge.

2 MR. WRIGHT: ...fight the fight that people
3 are going to get -- it's a danger, I think, if the
4 impression is a good inspection is one that's done on
5 time, you know. You want to make sure --

6 MR. GARCHOW: That's the message that we give
7 our staff is, we're out there saying we have the time
8 to do it right. That's the same message. Take the
9 time to do it correctly.

10 MR. MOORMAN: There is a way we charge our
11 hours, Randy, and that is, if you have a safety issue
12 that you have to follow, like I had one in the
13 surveillance area, the only place I can charge my time
14 is to that surveillance procedure. So we're going to
15 be way high on surveillance hours. And that's going to
16 skew the numbers. But, I had no choice.

17 MR. BLOUGH: I call that a legitimate
18 variable, and that would be the worst of all cases. I
19 haven't got any feedback that we're at that point, but
20 I am getting feedback that because of the immensity of
21 the task in this first year, at least, people felt
22 squeezed a bit for the time especially the residents in

1 some cases. And in other cases, like you said, the
2 depth of -- the estimate provides a framework for the
3 depth.

4 So it's not once you do -- what you do once
5 you think you have an issue, but before that how many
6 questions you ask in each particular area before you
7 decide, well, there's probably not an issue here.
8 Let's move on. Or there might be an issue here, let's
9 dig deeper. That's something to be worried about.

10 That formatory stage before there's an actual
11 issue to pursue, when it is just the question stage.

12 MR. WRIGHT: Just like the greens and whites
13 for the utilities is, they don't want a lot of whites,
14 or yellows or whatever. You want to make sure the
15 inspectors don't have the impression that they're going
16 to be standing out for doing a good job, you know.
17 That was the only point we were trying to make. And
18 hopefully it is not happening.

19 MR. BROCKMAN: The point which you bring up
20 here is very key, and it is something I think all the
21 management teams be sensitive to. You've got to have a
22 degree of confidence and trust with your inspector

1 staff that are gathering data. Being outlier is
2 absolutely fine. We know we're going to have outliers.
3 We need to have the reasons. There's a problem there
4 that can be fixed. Is it just going to be the part of
5 the cost of doing business that you know. We have to
6 reflect on a training program improving that. I mean,
7 there's all sorts of things. Is it reflective of
8 licensee organization that's hard to get information
9 from.

10 There is some licensee organizations, in
11 dealing with their infra-structure, it's a very smooth
12 infra-structure to deal with or its not a smooth infra-
13 structure to deal with. And that can vary from topic
14 to topic on an individual license. So you gain some
15 insights into that type of aspect.

16 If you don't have the trust with your staff,
17 you're right, the data would -- trying to gather the
18 data would have a very adverse impact.

19 MR. WRIGHT: One of the thing that I do agree
20 on is, there's a lot of greens out there. And maybe
21 they're right. But the impression that people are
22 getting is that maybe we aren't looking hard enough.

1 Or maybe the thresholds for -- the furnace indicator is
2 maybe a little too low.

3 I looked at it just before I left. I think
4 on the performance indicators there were something like
5 1700, 1800 status indicators. And of those about one
6 percent were other than green, which I don't have a
7 feel for whether it is good, bad or what. But it is
8 not a very high percentage.

9 And one of the things we keep hearing back
10 from inspection people are that, gosh, everything reads
11 out. And I tell them, well, maybe it should. But I
12 think one of the things we really need to look at is
13 going to be thresholds are, in fact, set so that we get
14 the differentiation Bill was talking about.

15 If everybody thinks -- I'm more concerned
16 about the inspectors down the road. If they feel like
17 their efforts are going to drain out, they're going to
18 be less original with time and really digging into
19 things.

20 My only comment here is that obviously a lot
21 of green out there has a problem for you in this new
22 oversight program. Maybe it's justified, but it is

1 certainly a political problem with the public and a lot
2 of people I've talked to. I'm kind of the whipping boy
3 at times for pandering to these, whatever.

4 Actually, the fact of the matter is, we were
5 present for a risk base type of inspection activity,
6 and we were working on one ourselves years before the
7 NRC started. So we kind of thought that was the way to
8 go for a long time. So it's not that we support it
9 because NRC is doing it now, but we think it is a great
10 way to do things. But in any case this is a problem
11 for you.

12 As Bill mentioned, I've gotten it from
13 inspectors from other states that all our green out
14 there is making it hard for people to believe that that
15 is, in fact, true. So for better for worse, it's an
16 area of concern. I don't know. Maybe it's correct.

17 The other thing is, I think that people don't
18 realize that green doesn't mean everything is perfect.
19 That's the other problem. To maintain the system
20 you've got to educate people that green means that
21 there's problems there, but it is up to the utility to
22 fix them, and they don't require extra NRC oversight.

1 And I think that message is not getting out as well
2 that the green doesn't mean there are no problems.

3 There again, I think that's something -- if
4 the thresholds are okay, then you're going to have to
5 do some education, I think.

6 MR. SCHERER: When you're saying most
7 findings are green, you're referring to NRC inspection
8 findings or PIs?

9 MR. WRIGHT: No, I was referring specifically
10 to the PIs.

11 MR. SCHERER: Okay. Is there some -- I just
12 want to pursue that with you.

13 MR. WRIGHT: Yeah.

14 MR. SCHERER: I asked in an earlier session
15 whether this panel was prepared to accept all green at
16 some point in the future. If you say we need to
17 revisit that, not accept all green, what percentage do
18 you -- do you have a number in your mind? Is there a
19 10 percent? Is there a 50 percent that you would think
20 to be other than green?

21 MR. WRIGHT: No. If there were a way, like
22 Bill is attempting to do, I think, try to relate the

1 current system with what went before, assuming that
2 back when this started that the plants didn't change
3 over night, there was some way you could figure out
4 what the transition was from one system to another, so
5 that we would have a better idea what to expect out
6 there.

7 I don't know that one percent is bad. All I
8 know is, it's a small number. And it's causing you
9 trouble. That's all I'm really saying here.

10 And I think it's an education process, plus
11 the perception that green is -- everything is okay,
12 when, in fact, it isn't.

13 MR. KRICH: ...causes you trouble in terms of
14 the inspectors following through, as you said earlier.

15 MR. WRIGHT: To some extent, yeah. But with
16 I think many of the people that are procipherous
17 against the program, really don't understand that 85
18 percent of a new program is still inspections. And in
19 some cases actually exceeds the time from the old
20 system. So I think it is more of a communication thing
21 on the whole new system.

22 If you could correlate the greens with

1 something that would be kind of a root cause situation
2 here that show, in fact, that's what you would expect,
3 then are able to communicate that well, I think that
4 would help to go a long way towards selling the
5 program.

6 MR. SCHERER: Interesting comment to add.
7 Green is not perfect.

8 MR. WRIGHT: Exactly.

9 MR. SCHERER: It is something less than
10 perfect but --

11 MR. WRIGHT: Yes.

12 MR. SCHERER: -- I think you raised some very
13 interesting thoughts, though.

14 MR. WRIGHT: Like I say, I see the perception
15 out there and that's why I'm presenting these.

16 MR. SCHERER: Did you discuss extensive
17 judgement in the STP process?

18 MR. WRIGHT: This one kind of relates back to
19 the PRA data and the way the STPs on the specific
20 plants are constructed.

21 We've had a few cases where my people, in
22 particular, and I don't want to get into the specifics

1 -- but felt that the STP process leaves some room for
2 manipulation, if you will, by the utilities.

3 MR. GARCHOW: It would be helpful without
4 saying the inspector dealing with Joe, the NRC guy.
5 Don't get that specific. Can you give me the flavor of
6 like which STP that was true in?

7 MR. WRIGHT: Yeah.

8 MR. GARCHOW: And give me something to work
9 with in the comment. Was it one STP over others? Was
10 it all of them? Without getting into, you know, I
11 don't really care who. It would be helpful to know the
12 types of issues.

13 MR. WRIGHT: Well, it was (Pause) -- well,
14 I'm reluctant to go there.

15 MR. GARCHOW: That's just hard to deal with
16 such a broad thing.

17 MR. WRIGHT: Well, these were in a loss of
18 essential service water for extended periods of time in
19 one case. The train limit was out. Another one that
20 they had some containment isolation problems that were
21 -- like I say, I don't want to give the details.

22 MR. SCHERER: I'm trying to understand what

1 the issue is. Is it that the perception -- and I'm not
2 trying to -- is that the NRC was manipulating the
3 process or the utility was manipulating the process?
4 I'm trying to --

5 MR. WRIGHT: It wasn't utility no. It was a
6 feeling that there's a lot of judgement in the STP
7 process and a particular situation that one of my
8 inspectors observed, along with the resident, and our
9 chief resident at the plant.

10 It was a situation where they thought it was
11 actually worse than it was, and when they went to the
12 reactor analyst and they worked through the STP
13 process, it got greened out, and these people thought
14 it shouldn't have greened out on this particular case.

15 MR. GARCHOW: Stay with that. So in that
16 process, whatever STP you were using, the inspectors
17 felt that process that allowed it to, I guess --

18 MR. WRIGHT: Graded out as green when they
19 thought it had been less than --

20 MR. GARCHOW: -- created a new term "green
21 out." You thought there was a lot of subjectivity in
22 that as opposed to --

1 MR. WRIGHT: Not me, personally, but out --

2 MR. GARCHOW: Or your inspectors as opposed
3 to taking like real plant features and real plant
4 something --

5 MR. WRIGHT: Right. They felt that in that
6 particular case if they'd look at specific plant
7 features more closely, it probably wouldn't have
8 greened out. And there again --

9 MR. GARCHOW: Okay. That's all.

10 MR. WRIGHT: So they just felt -- like I say,
11 this is a preliminary concern. I'm not saying that
12 this is fact. That, in fact, it was too serious.
13 Apparently there's still a lot of room for judgement in
14 some of these situations.

15 MR. SCHERER: Let me see if I can repeat it
16 back.

17 MR. WRIGHT: And the more we can specifically
18 come up with PRAs that identify the plant and STPs
19 that specifically use plant data, the less of a problem
20 it is going to be, I think.

21 MR. SCHERER: I just want to repeat it back,
22 so I understand it.

1 MR. WRIGHT: Yeah.

2 MR. SCHERER: There's a perception, at least,
3 an issue which was raised that by use of judgement that
4 wasn't transparent somehow got downgraded out to a
5 green finding.

6 MR. WRIGHT: Right.

7 MR. SCHERER: And it wasn't clear or
8 transparent to the person why that happened.

9 MR. WRIGHT: Right.

10 MR. SCHERER: Somebody just -- quote --
11 applied judgement.

12 MR. WRIGHT: Right.

13 MR. SCHERER: And it went from a potential
14 white finding down to a green finding.

15 MR. WRIGHT: Right.

16 MR. SCHERER: And there was no satisfactory
17 explanation given.

18 MR. WRIGHT: Right. And I think it's --
19 yeah. And it is a training thing, I think, and a long-
20 term confidence building type of thing. It's the kind
21 of thing you're going to run into in a new program.
22 You run into this basically everywhere, with NRC

1 inspectors as well.

2 MR. SCHERER: But basically it's a
3 transparency issue.

4 MR. WRIGHT: Exactly.

5 MR. SCHERER: That the person that is
6 expressing this concern wasn't able to see --

7 MR. WRIGHT: To see definitively recreate
8 those steps.

9 MR. SCHERER: Thank you.

10 MR. FLOYD: I'm not undermining or minimizing
11 the importance of getting a call right under those
12 codes. I guess the question I really want to know the
13 answer to in that particular was: Were your inspectors
14 or the NRC inspectors satisfied, even though it wasn't
15 determined to be a green instead of a white? Did the
16 issue get fixed and addressed?

17 MR. WRIGHT: Yeah, it was fixed and addressed
18 because --

19 MR. SCHERER: Is there any shortcomings in
20 that area because of the classification of green versus
21 white?

22 MR. WRIGHT: Yeah. That turned out was, you

1 know, it was a calculation thing. The system was back
2 in service.

3 MR. FLOYD: The corrective action taken
4 wouldn't have differed whether it was green or white.
5 Did the inspectors agree with the corrective action?
6 That's what I'm trying to get to.

7 I want to make sure doesn't happen is because
8 it was green instead of white, and they thought it
9 should have been white, that less was done to fix it.

10 MR. WRIGHT: In a particular -- like I say,
11 it is -- but the situation was it was a system that was
12 left out of service way too long, the inspector
13 thought. And should have, because it was out of
14 service after going back into operation, that it
15 should, in fact, have come up more serious than a
16 green.

17 MR. FLOYD: I see.

18 MR. WRIGHT: Because it was an essential
19 system that would have been needed. The minimal thing
20 happened, of course, so it was kind of like the back
21 calculation that Claude had. The situation where...In
22 any case, you're going to run across these.

1 It just supports the point, the more factual
2 we can make all the data in the system, the less these
3 problems you are going to have, and perception will
4 improve that thing.

5 MR. WRIGHT: The jury is still out on cross-
6 cutting areas. How good this new system is going to
7 identify those, and I think everybody is aware of that,
8 so that's not news to anybody.

9 And also the second one still too soon to
10 know whether they do oversight, process is going to
11 work. Those are determinaries that I think there is no
12 disagreement on.

13 Conclusions. I guess all things considered,
14 and looking at the time frame in particular involved,
15 that things have went fairly well as far as getting a
16 new system into place. I was amazed that you got most
17 of the plants, after the pilot process, actually
18 reporting and the inspection process in place. So to
19 that extent, I think it's -- after watching NRC move in
20 glacial motion for 25 years or so, I'm amazed that this
21 happened. It's great. I mean as far as able to get it
22 into place.

1 We believe, unlike many other states, that
2 the new system has potential for improved oversight.
3 And hopefully down the road maybe even less oversight.
4 And I don't think we want to rush that. We want to
5 focus on an improved system for all concerned, really.

6 We haven't noticed any fatal flaws yet. And
7 although the corrective actionary, if we have one,
8 eventually will be there, it will jump up and bite us.
9 I think we got to look closely at that. And of course
10 having good PRAs. Those are kind of the areas that we
11 feel that if there's a real major problem it would be
12 in one of those.

13 And, of course, there's a lot of work left to
14 be done, as you are all well aware, because you are
15 doing part of it.

16 That's all I have to say.

17 MR. KRICH: You know the way that the old
18 inspection was done for the Corrective Action Program,
19 was that more satisfying to you than what's being done
20 today?

21 MR. WRIGHT: Not really. I think what we
22 just want to make sure of is that in the Corrective

1 Action Program -- because the new system relies on it -
2 - that, in fact, it's doing a good job basically.
3 Because it is kind of relied up now as a substitute for
4 NRC oversight. Whereas, before it was just involved as
5 part of the oversight. So we just want to be sure that
6 that, in fact, the program is a good program.

7 MR. GARCHOW: Not suggesting that we go
8 there, but it's the power of language, but you can say
9 Corrective Action Program to a room full of different
10 utilities and --

11 MR. WRIGHT: Actually it's PI&R.

12 MR. GARCHOW: -- needs are different, needs
13 are a different thing, because, you know, if you say EQ
14 program I can go grab something, and we could all read
15 something, and pretty soon we're having a pretty good
16 conversation, at least there's some basis on the EQ
17 program.

18 I think the industry is moving closer
19 together to having the Corrective Action Programs have
20 the basic same elements, but I think that's one of the
21 challenges of the inspectors at Plant A versus Plant B,
22 because of their ability to know what those programs

1 look like. They all may be effective...to how they
2 actually operate.

3 MR. TRAPP: I think another problem with the
4 Corrective Action Programs on the back-end is that when
5 you find one -- we've kind of addressed, if you find
6 one you like, it's okay; if you find a Corrective
7 Action Program you don't like, then what do we do. You
8 know, it's not clear to me how that works through the
9 matrix or what we are going to do with that when we
10 find it. And I don't know if we've found that animal
11 yet. But I don't know what to do with it.

12 MR. FLOYD: There are two areas of concern:
13 PRA and Corrective Action Program. For PRA you outline
14 that hopefully when the standard comes out --

15 MR. WRIGHT: Yeah, when the standard comes
16 out.

17 MR. FLOYD: -- that it is endorsed, and
18 public availability of data that some of those concerns
19 would go away. Do you have any specifics or thoughts
20 on what you think either the industry or the NRC should
21 be doing to help alleviate some of the concerns in the
22 corrective action area?

1 MR. WRIGHT: Well, Corrective Action Program?

2 MR. FLOYD: Yeah. How do we get confidence
3 that a licensee has a good Corrective Action Program?

4 MR. WRIGHT: I don't have a good answer for
5 that. I would like to see -- and that's something this
6 panel may think about. Is there an indicator that
7 could be developed that would provide some insight into
8 the Quality Protective Action Program.

9 I just have the problem. I don't have the
10 solution, unfortunately.

11 MR. FLOYD: Would a standard of some kind
12 help in the corrective action area? I mean like the
13 PRA? I mean we're coming out with a PRA standard. I'm
14 just thinking off the top of my head.

15 MR. WRIGHT: No. I'm thinking that we want
16 to make sure -- like I said before, maybe look at the
17 risk significance of problems that have been identified
18 and put in to their Corrective Action Program, and then
19 somehow be able to come up with a cumulative indicator,
20 based on risk, of the items that are in there while
21 they're being addressed.

22 Because they do a lot of things in the

1 Corrective Action Program that are not really risk
2 significant. And I think I saw one number in some
3 study that just a very few of them have risk
4 significance at all. And so those are the ones you
5 want to make sure are being taken care of.

6 How you would go about doing that, I mean, I
7 don't have a solution at hand. But certainly those are
8 the ones you want to make sure get corrected.

9 I want to make a statement, too, that most of
10 these comments are general. We don't find specific
11 problems with our Illinois plants in these areas.
12 These are areas that we just see as a general problem.

13 MR. PLISCO: Any more questions?

14 (No response.)

15 Thanks a lot. We appreciate it.

16 We've got some time before we break for
17 lunch. I said there's several other states that we're
18 hear from. New Jersey. We've already talked to. They
19 were going to come, and they said they had some
20 schedule conflicts and they're going to plan on coming
21 to our January meeting.

22 MR. MONNINGER: Correct. And they will also

1 submit a letter --

2 MR. PLISCO: Yeah. I gave you a copy of
3 that.

4 MR. SCHERER: I've read the letter and it
5 causes some questions in my mind that we'll have an
6 opportunity to discuss in January?

7 MR. PLISCO: Yes.

8 MR. GARCHOW: Spend a fair amount of time
9 discussing these issues in various forums, informal and
10 formal.

11 MR. PLISCO: And at some point Jim and Bob,
12 too, I'm sure we'd all be interested in hearing your
13 views, too, from the states perspectives.

14 I think we were planning today to tie that up
15 in our January meeting, and plan on setting some time
16 for you two to talk about your views.

17 I talked to Mary. She had a couple of
18 issues. She worked on her issues last night, and I was
19 going to suggest that we talk to her between now and
20 our break for lunch. We'll continue our conversation
21 from yesterday on she's in the program. Do you want to
22 do that now?

1 MS. FERDIG: I can do that.

2 MR. GARCHOW: Before Mary gets started, do
3 you want to frame out what the rest of the day looks
4 like for us?

5 MR. PLISCO: Yeah. I know people have
6 flights. We do have some time. My optimistic hope is
7 that we will finish earlier than on the schedule.
8 Yeah. I think a lot of people are leaving anyway, so
9 we'll -- except those going to Chicago.

10 And really as far as business to conduct, the
11 only thing this afternoon we really need to get done is
12 plan for January as far as topics, agenda, and what we
13 want to get accomplished there, and if there's anyone
14 else we want to invite so we can get working on that.

15 I think our March dates. Based on our
16 discussion yesterday, and weighing out our plans, who
17 else we want to focus on as far as soliciting to, and
18 who we can start formulating --

19 MR. SCHERER: Did we confirm our January
20 meeting?

21 MR. PLISCO: Yes, we have firmed January
22 meeting. We did that our last meeting. It's 22nd and

1 23rd of January.

2 MR. BROCKMAN: Yeah.

3 MR. PLISCO: We're going to do that in
4 Rockville. We're still working on the exact location.
5 We did have the ACRS meeting room, and we got bumped
6 last week.

7 MR. GARCHOW: By the ACRS.

8 MR. PLISCO: Yes, the ACRS bumped us.

9 MR. MONNINGER: Well, wait a minute, we're an
10 independent --

11 MR. PLISCO: Yes.

12 MR. BROCKMAN: You may want to introduce the
13 potential third meeting time and everyone could check
14 calendars or make phone calls during lunch, instead of
15 waiting.

16 MR. PLISCO: We're looking at -- actually one
17 of the weeks I was looking at was actually the last
18 week in February and the first couple days of March.
19 The 26th of February through March 2nd. That week.

20 MR. GARCHOW: Mondays and Tuesdays probably
21 are better for people that are flying.

22 (Discussion regarding logistics of meetings.)

1 MR. PLISCO: So the 26th and 27th, how does
2 it look, of February?

3 MR. BROCKMAN: Monday and Tuesday.

4 (Discussion regarding logistics.)

5 MR. MONNINGER: There was a thought that if
6 anyone knew of interested stakeholders in a certain
7 area of the country, maybe it would be more credible or
8 more beneficial to do that.

9 MR. PLISCO: The end of February we still
10 want to stay away from Chicago.

11 MR. GARCHOW: So that might be a case to go
12 because Pennsylvania state has some interest. They've
13 talked to the Peach Bottom folks, I know. The
14 Pennsylvania folks. The New Jersey folks will have in.
15 We might want to think about doing it somewhere in that
16 area.

17 MR. SCHERER: My suggestion is default
18 position being Washington. If there's a reason not to
19 have it in Washington, I think we ought to do that.

20 MR. PLISCO: As we piece the agenda together
21 that might be targeted as far as what will be better
22 locations. We'll do that this afternoon.

1 We also wanted to pass out -- David Lockbaum
2 just sent me a letter. Enforcement issue having to do
3 with the Beepers, and I'll pass that out.

4 (Discussion on logistics.)

5 MR. FLOYD: We have a related day blocked
6 that not everybody is aware of, and that is that he has
7 filed a Petition for Rulemaking, Performance Indicator
8 data submittals by utilities, non-voluntary, but
9 actually make that a regulatory requirement that that
10 data be provided.

11 MR. PLISCO: That's from last week.

12 MR. SCHERER: I heard that as well.

13 (Discussion on logistics.)

14 MR. SCHERER: So your concept is to take
15 information in January and February, and then March,
16 via working meeting? Is that drafting meeting, if you
17 will?

18 MR. PLISCO: Yes. And I think someone
19 suggested that we may want to leave the door open for
20 late April to have a one-day final wrap up of the
21 report.

22 MR. GARCHOW: During the PeepUp, it was

1 helpful when the equivalent of John took a shot at what
2 he thought he heard and then sent it out by e-mail.
3 And then for each section we were able to write our
4 name, and then write on that we concurred, didn't
5 concur, here's some additional thoughts. That got all
6 assembled by the equivalent of John and brought back
7 out.

8 And then when we had that meeting we were
9 able to very quickly see that we could get to consensus
10 on a large number of things, and then the meeting
11 became let's hash out the place where it's detriment.
12 And it made it where it a real efficient way for 15
13 people to build something that would take us a week to
14 determine what time it is.

15 MR. BROCKMAN: Just going back, if we were
16 thinking about having a meeting in March and April, it
17 is much easier to have a date picked that we don't use
18 than wait till then and try to find one that nobody can
19 meet.

20 MR. GARCHOW: Well spoken. Then you're
21 getting into outage sessions.

22 MR. MONNINGER: One thought there as you

1 brought up PeepUp. And I think our work there was --
2 the numbers critiqued each and every performance
3 indicator that the staff had developed. And there was
4 about 20. So you basically had 20 paragraphs developed
5 by each member and an overall conclusion.

6 For these performance measures, there's 50,
7 which is quite a bit more. So I'm not quite sure if
8 the panel is planning on critiquing each and every one?
9 Or is there some roll-up that you had envisioned, or
10 what?

11 You know, if you're looking at a parallel
12 between the previous panel, the metrics the staff had.
13 Twenty metrics to judge the PeepUp.

14 MR. HILL: Are you talking about the self-
15 assessment PeepUp; is that what you're talking about?

16 MR. MONNINGER: Yes. And now the staff has
17 50 for the self-assessment.

18 MR. PLISCO: And that's something we can talk
19 about, what the best approach is, and decide how we're
20 going to address the issues.

21 MR. GARCHOW: One more comment. During the
22 PeepUp we actually had this conversation repetitively

1 at every meeting. So then when it became time to do
2 it, having these conversations for 15 minutes, 20
3 minutes, a half hour, each time, it all started to
4 frame out as the meetings went on to sort of what it
5 was going to look like.

6 MR. PLISCO: Do you want to wait until after
7 lunch to do your's?

8 MS. FERDIG: It won't take long.

9 MR. PLISCO: A lot of people have promised
10 that.

11 (Laughter)

12 MS. FERDIG: I think my questions are at a
13 more global perspective and, therefore, probably less
14 likely to lead us into detail conversations. And they
15 may be inherent and probably are, in fact, in all of
16 what we've covered up to this point.

17 The first is, what challenges most
18 significant that are emerging from the experience of
19 the initial implementation thus far?

20 Most significantly challenged the degree to
21 which the ROP can continue to create the space for
22 constructive, creative conversations among the

1 regulator, the industry and public representatives who
2 share the commitment and responsibility for safe,
3 efficient nuclear power generation.

4 So I'm really interested in the specific kind
5 of examples that have an impact on that space for
6 continuing conversation, because I think that's the
7 strength of the program, from my field.

8 Related to that then, the second question is,
9 what are the challenges impacting the development of,
10 at least adequate, exemplary interaction guidelines
11 which will enable those constructive creative
12 conversations to occur around the cross-cutting issues.

13 I think there are some real potential
14 concerns that the nebulous nature of the cross-cutting
15 issues could inadvertently lead back to some of those
16 arbitrary kinds of decisions and actions that don't
17 fully get out all the implications around those cross-
18 cutting issues.

19 So I'm just again wanting to focus on
20 experiences to date that could challenge the
21 effectiveness of that or provide possible
22 recommendations to lead toward that. And that

1 certainly would relate to the whole notion of the
2 problem identification program, and the significant
3 impact that that has on the way the ROP is enacted, as
4 well as safety conscious work environment and human
5 performance issues.

6 The third one, again not coming from a
7 technical point of view, the question is a global one
8 for me. But it's just that continuing questions to the
9 extent to which the PIs are meaningful and leading
10 indicators of safe plant performance, and how the
11 program enables continued evolving enhancement of those
12 indicators as more data become available. And just
13 what that means. I don't know from a technical point
14 of view. So that's a public interactive kind of
15 question.

16 And the last one. I worded it in a certain
17 way last night, and I'm just hearing it again as being
18 a real underlying question, philosophical question,
19 that certainly relates to public confidence, and also
20 just that the way we want to -- what the objectives are
21 of this whole effort. And it has to do with what are
22 the practical implications regarding the underlying

1 philosophy and assumption of what I'm calling the 95-5
2 percent model for collective plant performance.

3 That is to say are the expectations, the
4 definitions of safe enough to manage plants internally
5 sufficient to sustain a level of public confidence, if
6 they would all end up in the green ban performance.

7 And if that is the case, what is it that we
8 need to do to communicate what that means in a way that
9 that can create and sustain public performance, or is
10 indeed public confidence, or is the philosophy that
11 regardless how well plants are doing, relative to those
12 agreed upon standards of safety, that there will always
13 be some at the lower end of the spectrum that will
14 desire added regulatory scrutiny just because.

15 Just because it happens to be the nuclear
16 kind of environment versus other kinds of phenomena in
17 our society that requires -- I don't know the answer to
18 that question, but it is one that I think is present in
19 all of these conversations.

20 MR. GARCHOW: That question has underlined a
21 lot of the discussion in the last two days.

22 MS. FERDIG: Yes. Yes. It's really there

1 all the time. I don't know what the answer is, but I
2 do think that the public participation in coming to
3 some understand then is critical. Because ultimately
4 if they're making a lot of noises because there's not
5 enough red out there somewhere, and that that somehow
6 means that the nuclear industry isn't performing
7 safely, then there's a flaw somehow.

8 Those are the things that were on my mind.
9 Not technical at all.

10 MR. PLISCO: We'll get you copies of those
11 after the break.

12 Can anyone answer those questions?

13 MR. SCHERER: No, but I had a reaction to the
14 comment -- you use the phrase "conversation." And I
15 would encourage you to -- are you thinking really of
16 conversation or communication? There's a lot of
17 conversations that go on. I'm not really convinced
18 especially as I think about other stakeholders that we
19 have effective communication. And were you using the
20 phrase "conversation" in your outline, were you
21 meaning, at least in my semantics, "communication"?
22 Getting effective communication.

1 MS. FERDIG: Well, conversation for me is
2 communication. And it implies a kind of communication
3 that requires participants to fully engage from each of
4 their own perspectives, and lends to understand the
5 perspectives of the others. So it is much more than
6 just tunneling information in one direction or another,
7 depending upon the strategy of the outcome.

8 MR. SCHERER: Thank you. That's helpful.

9 MR. KRICH: A comment I had, and it appeared
10 a couple of times over the last day and a half now, is
11 the performance indicators need to be more meaning. At
12 least I have understood this from the beginning, these
13 indicators were never intended to be leading indicators
14 because they're the outcomes, the results.

15 Now each of us, in our own way, at the
16 utilities, at least, have developed a set of internal
17 performance indicators that get tracked very carefully.
18 In some cases we've identified leading indicators for
19 us to properly manage the safe operation of the plant.

20 Let me give you an example. Maintenance Rule
21 A-1 Systems. A-1 is if the system is in A-1 category
22 means that it is not performing properly. It's not

1 reliable enough or hasn't been available enough for
2 some problem that falls in the A-1 category.

3 So in order to have some indication of what's
4 going on, the way things are heading at Commonwealth
5 Edison, we have a system health indicator which
6 measures a lot of variables, and looks at where systems
7 are headed before they get into the A-1 category.
8 That's a leading indicator. We do that to manage by.

9 These indicators, at least in my opinion --
10 these are not indicators I use to manage by. These are
11 indicators that tell me the end result.

12 MS. FERDIG: And I think I have a lot to
13 learn. Like I said, even my own professional work
14 doesn't deal much in the arena of measure.

15 MR. KRICH: It's very difficult to come up
16 with --

17 MS. FERDIG: Yeah. And it may be that that's
18 part of then what I do one very small of the public.
19 But we have to understand and feel confident that
20 whatever you are doing internally then to manage toward
21 that gives you enough early information to take action
22 to avoid problems.

1 MR. SCHERER: I would say the same thing that
2 you just said if I was having an internal discussion at
3 my utility. Nevertheless, in the context that we are
4 talking about here these very same indicators may, in
5 fact, be leading indicators when the standard isn't the
6 green/white threshold, but the standard is whether or
7 not this is sufficient regulatory margin for the safe
8 operation of the plant.

9 And so that's why I'm getting into the issue
10 of -- are we having conversation or are effectively
11 communicating. Because there's a big difference
12 between a conversation I would have internal.

13 MR. KRICH: What I meant was trying to
14 address was, this is not a leading indicator if you're
15 looking for the thing which we keep talking about,
16 which is the last item, which is the public wants some
17 differentiation.

18 You know, we're used to all being in school
19 where somebody got the highest grade on the test and
20 somebody got the lowest grade on the test, and we could
21 all kind of know where we all fit into that.

22 If you are looking for these indicators to

1 give you that type of leading indication of
2 differentiation, it's not going to do that. Those give
3 you leading indication on where you are relative to
4 risk and safety, absolutely.

5 MS. FERDIG: And that's what I mean.

6 MR. FLOYD: It raises a good point because
7 you really have to ask yourself when you say, "Is this
8 a leading indicator?" Leading to what.

9 MR. KRICH: Right.

10 MS. FERDIG: Right. And maybe that's all --
11 I think for me, just from a philosophical use of a
12 metaphor, for me it's a question of what is the
13 standard? What is the objective overall? And it is
14 for everyone in the class to learn as much as they
15 possibly can, relative to a level of knowledge. And to
16 the extent that we can achieve that, then we're all in
17 the green. And I do not comply with the perspective
18 that says we grade on a bell curve, and regardless how
19 well the class does, there's --

20 MR. BORCHARDT: Yeah. That really goes to
21 the issue of, you know, is it okay to be all green.

22 MS. FERDIG: Yes.

1 MR. BORCHARDT: The classroom analogy is, if
2 you have a classroom of all A-math students, and the
3 bottom guy in the class gets a 93 percentile for the
4 semester, do you put him on academic probation because
5 he's the lowest.

6 MS. FERDIG: And that's where the question of
7 public confidence is really critical. If we are only
8 confident when there's a number of clients that are
9 being indicated as -- but what I want to know is what
10 you are measuring or looking at in the way of
11 indicators are giving you information early enough to
12 take actions to --

13 MR. BORCHARDT: There's been a fundamental
14 change in the construct of the program. In the past, I
15 believe it was the NRCs objective to identify, as early
16 as possible, any decline in performance. No matter how
17 much margin remained for adequate protection of public
18 health and safety, it was our objective to have the
19 resident inspector...and the rest of the NRC program
20 identified, at the earliest onset, any decline in
21 performance.

22 What this program does is proposed that there

1 is an acceptable band of performance within which we
2 don't need to try to identify those variations in
3 performance.

4 Mr. Sherman will disagree with the validity
5 of that premise.

6 MR. SHERMAN: Yes.

7 MR. BORCHARDT: Yes? Okay.

8 And there's one of the major disconnects.
9 It's a problem for the inspection staff to get used to
10 that idea. It's a problem for the NRC management and
11 for licensing management, and the general public to all
12 come to a common understanding of that. But that's a
13 fundamental promise of this new process.

14 MR. GARCHOW: And that makes this process
15 more consistent with other regulatory processes across
16 other industries. You can say we're different because
17 we're nuclear, but on a technical basis, if you look at
18 the difference between the chemical plants sitting on
19 the river, and the nuclear plant sitting on the river,
20 depending on what the chemical plant makes, there
21 really isn't a fundamental lack of difference between
22 the two, even though in regulatory space the difference

1 is huge for any number of political and social reasons.

2 Like we were talking at the break, the FAA
3 has a minimum standard that allows airplanes to fly.
4 And we all get on an airplane with the confidence that
5 it sort of go/no go. That the FAA is either going --
6 that we're all getting on the airplane based on the
7 assumption that the FAA would ground the plane if the
8 relative significance of safety of the airline got to
9 the point where it wasn't safe for the public, they
10 would stop flying the airplane. The FAA would mandate
11 that to happen.

12 So, really, the model one and the oversight
13 process is really getting back to what I think a more
14 closer model of other regulatory agencies are over the
15 industries that they regulate, even though they is
16 something -- and I agree with Mr. Sherman -- you can't
17 dispute the fact through a motion or through politics
18 or through peoples fears, there is something. You
19 can't argue there is something different about the
20 nuclear industry. And it hits us every time you go out
21 in public.

22 With that being said, the framework for what

1 we created is more similar to other industries that
2 appear to be successful, at least in the public's eyes.

3 MR. BORCHARDT: And even if we could agree on
4 that, and I think we can, I think the NRC would like to
5 have leading performance indicators.

6 It's not that we want to design indicators
7 that weren't leading, but it is just that we haven't
8 been able to. And the language that you hear is that
9 of recognition that these are not leading. We don't
10 want to mislead people to imply that they are.

11 MR. GARCHOW: There was one that was close to
12 leading, and actually the NRC staff did some of the
13 statistics around it. When you went back and looked at
14 the plants that had challenges, the one that was most
15 clearly leading was the -- and it's the one we struggle
16 with the most in conversation was the unanticipated
17 power changes greater than 20 percent.

18 MR. FLOYD: Actually that was the second one.
19 The safety system functional ability.

20 MR. GARCHOW: The safety system functional
21 ability. If both of those predicted the -- you took
22 that the -- look at the data three years prior to some

1 of the challenged plants, you could actually pick up an
2 increasing trend in those two to where, you know, if
3 they had any action matrix if that plant system would
4 have been in place, you might have had some confidence
5 that you changed the conversation, and get the kind of
6 incentive that Mr. Sherman was talking about to
7 actually change the performance before something
8 actually happened.

9 MS. FERDIG: And it is my understanding of
10 the program, as it evolves, that when more data becomes
11 available the indicators can become more refined toward
12 that end.

13 MR. KRICH: More differentiated.

14 MS. FERDIG: I don't know if differentiation
15 is what I'm talking about.

16 MR. SCHERER: I think we will constantly look
17 for better performance indicators. I personally don't
18 believe we'll ever find an indicator or set of
19 indicators that will be an absolute predictor of the
20 future.

21 We will constantly want to visit that
22 process, and that's one of the things I was talking

1 about yesterday is having a process in place for the
2 oversight process that constantly challenges and
3 doesn't say, okay, we have 18 indicators. We're done.
4 Let's move on. But constantly see whether they're
5 better indicators; whether some be dropped; and some
6 should be added; and some should be changed.

7 But basically every indicator always has some
8 unintended consequence, and we have to look for that.

9 At the break I was talking also with the
10 airline not only to what I prefer that the airline that
11 I'm getting on be the top in terms of maintenance, and
12 only the top, but I'm satisfied that whatever quartile
13 airline I happen to be flying on is in, it will have a
14 wide band away from the regulatory minimum standard,
15 well, the FAA ground that airline.

16 But also when the airlines, in drawing an
17 analogy, set on time arrivals, a nice standard. All of
18 a sudden when I was in Connecticut, the flight that I
19 used to take to Washington got 15 minutes longer.
20 Well, Connecticut was no further away than Washington,
21 and the planes were no slower, but the airlines
22 realized they allowed an hour. If they were five

1 minutes late, they would be late arrivals; but if they
2 allowed an hour and fifteen minutes, they would have to
3 be twenty minutes late and they'd still be on time.

4 MS. FERDIG: Right.

5 MR. SCHERER: So there are always unintended
6 consequences and everybody faces these issues. We have
7 to face it. That doesn't mean that we should throw it
8 out. It means we need to have a process in place to
9 constantly look back over our shoulder to figure out an
10 improvement.

11 MS. FERDIG: Right.

12 MR. GARCHOW: I'd say we have to be careful,
13 though. There is no limit to what data we could
14 produce, assemble and mail into the NRC. So you have
15 to be careful. I mean even in our plants. I'm sure we
16 see it everywhere. Computers now on everybody's desk,
17 and teaching everybody how to use these wonderful
18 programs. It actually becomes a problem of having too
19 much data as opposed to the right data. So there's no
20 limit. We could come up with 150 PIs, but would they
21 really tell us something. I don't know.

22 MR. FLOYD: Not that this is a definitive

1 answer, but on these performance indicators, while we
2 will continue to look to see if we can find one,
3 specifically looking for one of these for 20 years.
4 And we're in communication with them and seeing what
5 insights they have. And the feedback they still gives
6 us is...found one that we think is predictive and tells
7 us anything meaningful.

8 MR. SCHERER: On the other hand, I was
9 involved in the process when we were first looking at
10 these PIs, and there was an effort, I hope other people
11 are aware of, to go back and look at some of the
12 previous problem plants. Plants that eventually went
13 on the NRC watch list; some that didn't. Some that
14 were essentially SALP I, IMPO I plants that went into a
15 noticeable declining trend. Would these PIs have given
16 earlier warning than the previous? Or would they have
17 just been totally blind to the declining trends. And
18 at least the PIs looked at showed a correlation. In
19 fact, an earlier correlation. Does that mean it's
20 perfect? I don't believe so. Does that mean I can
21 guarantee we'll have a high degree of confidence that
22 it will predict the next declining plant?

1 I don't think I can predict, as Bill points
2 out, that it would define the next declining plant. I
3 have a lot more confidence that it, plus the inspection
4 program, can identify the plant before it hits those
5 regulatory standards that we would consider minimal
6 standards.

7 MR. GARCHOW: Especially when you include the
8 event response. IP2 is a very good example. That the
9 program does allow for event response. So when
10 something happens of some significance that does allow
11 the event response inspection to occur, which then has
12 the opportunity to potentially surface things that
13 weren't discovered during the PI or the normal
14 inspection program.

15 I consider that one of the real strengths of
16 the program. That is the backstop, because that allows
17 the NRC to come in and look much more broader, once
18 after something of some minimal or moderate
19 significance is approved.

20 MR. SETSER: Let me offer an observation.
21 Whereas, the nuclear profession has its own unique
22 issues, and jargon and in potentially possible

1 perception for logical reasons, the process that we're
2 going through here is not unique. We surfaced exactly
3 the same cultural issues that anyone else in any other
4 professional that started a cultural change project is
5 faced in environmental area the business between
6 compliance and proportions.

7 If I take fewer reports of an action, am I
8 perceived as going soft on the industry? If I have too
9 high a rate of compliance, does that mean I'm not
10 looking hard enough? Those are all cultural issues and
11 walls you come up against. And you have to get by.

12 The issue of how much information you give
13 out and where you put it and so forth is a cultural
14 issue.

15 The business of improvement is a cultural
16 issue, believe it or not.

17 I come out of a culture for the last 38 years
18 where I've managed environmental programs under
19 probably the best developed command in control.
20 Controls top processes where there were times when I
21 couldn't even drag a person off the street to a public
22 meeting, to the point where I don't have enough room

1 for them all now.

2 Changing in terms of that process, we've
3 changed from a public perception, where they didn't
4 give a damn about what government did to now,
5 everybody's got their hands in the till. We're all
6 wrong and we're all rotten to the core.

7 But having served on both sides of the
8 picture from a corporate industry standpoint, and also
9 from a "public service standpoint," we can't let
10 ourselves get bogged down in this issue. We've got to
11 go forward.

12 The future is built on the strength of the
13 partnerships that we generate with the people we
14 regulate.

15 We've solved all of the easy problems. The
16 difficult problems that lie ahead depend on our sharing
17 our strengths. We have to move away from "we" and
18 "they," the "regulated" versus the "regulator." It is
19 sort of like somebody said God created the good and the
20 bad, and he gave the good the right to determine which
21 one was which. Now you think about that a little bit.

22 (Laughter)

1 We've got to move beyond that concept. So
2 what works? What doesn't work? And if it doesn't
3 work, what do we need to change to make it work?
4 That's what we're all about here.

5 And there will come a time when you talk
6 about public involvement and whether you know have a
7 proactive program or a reactive program. But I submit
8 to you there's a lot we don't know about public
9 involvement at this point in time. Who is the public?
10 I get very few calls on my desk about this process from
11 the public. But I get a lot of calls from public
12 interest groups or special interest groups about the
13 process.

14 So we need to tackle that. But right now I
15 think the lessons learned, and making it go forward, --
16 I don't think we have the option to go back -- the
17 driving forces there won't let us go back. We're going
18 to return to the days of yester-year when riding a
19 horse in the City of Atlanta was better than taking a
20 train. So we're going to have to move forward.

21 I think you're doing some great things and
22 some good things. You don't have all the answers, but

1 that's the beauty of the process when you're willing to
2 get new answers, and you're willing to see what works
3 and what doesn't work. But it is going to take all of
4 us working together and changing respective rules in
5 order to refine this process down the line.

6 And as I said yesterday, five years from now
7 you may have 50 more questions. That's good. Just
8 because you have questions doesn't mean that you have
9 insurmountable problems that you need to go on, because
10 you got something to fix.

11 I didn't want to pontificate too much, but
12 there are a lot of salient issues here that you're
13 surfacing, and that's good. That's exactly what we
14 need to know. But that doesn't mean that any of those
15 issues or release officials say let's go back to the
16 way it was. Because I just don't think we're going to
17 get back to the way it was. We got too much at stake
18 to go back and not forward.

19 MR. GARCHOW: Very good.

20 MR. PLISCO: Ready for a lunch break? One
21 hour?

22 (Whereupon, at 11:56 a.m. a luncheon recess

1 was taken.)

2

1 MR. SCHERER: I can pretty much give a high
2 reliability on snow if you come to California.

3 (Laughter)

4 Perhaps electricity, but no snow.

5 MR. KRICH: Right. Right. We do have
6 electricity.

7 (Discussion)

8 MR. PLISCO: Let's talk January. We have
9 those dates, the 22nd, 23rd. We'll have that in
10 Rockville.

11 Let me go over what I -- I've been collecting
12 potential topics through last meeting and this meeting.
13 I've got two states that we still wanted to hear from,
14 Pennsylvania and New Jersey.

15 John, Pennsylvania, were they coming in
16 January or --

17 MR. MONNINGER: As of yet, they would like to
18 eventually but they believe they need more and more
19 information before they can form authoritative views.

20 MR. PLISCO: We'll go ahead and invite them
21 and --

22 MR. GARCHOW: We can invite them right after

1 we're sure --

2 MR. PLISCO: And I know New Jersey is
3 planning on coming.

4 MR. TRAPP: We'll be finishing the report in
5 March, so I mean there's no sense coming.

6 MR. GARCHOW: It's how you ask the question.
7 Say really, if it's interim feedback, we really need
8 your feedback.

9 MR. MONNINGER: Actually I did express to
10 them a view that not enough time to form a basis is a
11 good decision. It's good feedback.

12 MR. PLISCO: We'll go ahead and invite them
13 to the January meeting.

14 We also have input from the staff on the
15 initial status on the metrics. We'll have the data
16 through the first six months, and should have their
17 internal evaluation. What they've got so far to talk
18 about.

19 MR. GARCHOW: Were they planning to write --
20 I mean I don't need a 500-pound gorilla, but were they
21 going to write like a formal six-month assessment
22 report? So take the data and draw conclusions or just

1 give us the data?

2 MR. PLISCO: We'll just going to have them
3 give us the data. I think at that point they'll have
4 some insights they can share. They're not going to
5 have a report that I know of. A formal written report.

6 MR. BROCKMAN: But the end of your time -- by
7 January, they'll probably by that stage of the game
8 know what the chapters of the gorilla are. What are
9 the different -- so we'll receive the data plus
10 insights.

11 MR. PLISCO: We also talked about having the
12 staff address where they were with respect to the
13 recommendations from the previous panel. And some
14 short-term and long-term reactions, and in the staff
15 requirements memo there were some actions.

16 We talked at the last meeting about having
17 them addressed before we get to our recommendations.
18 See where they are on recommendations from the previous
19 panel.

20 MR. SCHERER: Loren, was it covered or is
21 soon to be covered in the first item if the staff is
22 planning changes that they're planning to recommend to

1 the oversight process. They need to change definitions
2 of PIs. Are they planning to add a PI?

3 I'm not talking about stuff that's a year
4 down the road. I'm saying, if there's anything eminent
5 that either is in their report and they're intending to
6 change, those are things I would like to have
7 highlighted to us so that we either say, oh, well, that
8 addresses one of the concerns we had; or (b) we want to
9 know a little bit more about this change before you
10 implement it.

11 MR. GARCHOW: So approved or nearly approved
12 changes that are awaiting implementation.

13 MR. PLISCO: Or changes in process already.

14 MR. SCHERER: Yeah.

15 MR. PLISCO: The last time we talked about
16 having some senior reactor analyst come in, like a
17 panel.

18 MR. BROCKMAN: Could we sort of coordinate
19 that amongst his peers?

20 MR. PLISCO: I was going to suggest that.

21 MR. TRAPP: Okay. How many do you want?

22 (Laughter)

1 MR. GARCHOW: How many are there?

2 MR. TRAPP: It's limited. I mean, we would
3 probably get one from here and -- Region IV you're not
4 going to get, unless its me. I think I'll be sitting
5 in for you by that time. But we could get one from
6 Region III and I.

7 MR. BROCKMAN: Jones works for me now. I can
8 avail him.

9 MR. SCHERER: My view is you are look at (a)
10 whether you want to invite them in, including the SRA
11 that used to be in Region IV.

12 MR. GARCHOW: Well, he's still there.

13 MR. PLISCO: I would suggest why don't we
14 leave it up to Jim.

15 MR. SCHERER: Yeah. And the thing is you
16 could also make a presentation of you've collected as a
17 representative, like we are, in this case of the SRAs.

18 MR. GARCHOW: Right. So that's a maybe get
19 together or a may not get together, maybe e-mail or
20 voice mail. Get some consensus so you're coming in
21 here and saying, here is the SRA perspective. And
22 then, after you give it, leave it open for questions.

1 I think that would be very helpful.

2 MR. TRAPP: We can do that.

3 MR. SCHERER: For example, the issue that
4 was just discussed the scrutibility or transparency of
5 the STP process, as it leaves the inspector and comes
6 back.

7 MR. MONNINGER: Isn't there also a need for a
8 fill-in?

9 MR. PLISCO: Residents and seniors.

10 MR. BROCKMAN: I think we need to focus on
11 the regional inspectors and make sure you get a cross
12 section of resident inspector work force but also the
13 regional work force.

14 (Yeses.)

15 MR. PLISCO: I don't want to set any specific
16 numbers.

17 MR. BROCKMAN: If you get more than six or
18 eight.

19 MR. PLISCO: I mean you're familiar with a
20 whole lot of views out there. I think you can get us a
21 cross section.

22 MR. GARCHOW: We don't want to be out

1 numbered.

2 (Laughter)

3 I suggest also you figure out a way, via e-
4 mail or some conference call, getting a collective view
5 point for questions, wherein we could hear the
6 different perspectives.

7 MR. PLISCO: And I think I've got a good two
8 days already.

9 MR. FLOYD: One thing I would like to add, if
10 possible, a cross-cutting issues working group. I
11 think it would be nice to have a sort of a status
12 feedback on where they are, you know, in making
13 progress and reaching any consensus. I mean if you
14 just had a joint meeting with the industry yesterday, I
15 guess it was.

16 MR. PLISCO: We can work that in with the
17 staff and talk about any process changes or things that
18 are going on.

19 MR. FLOYD: Well, Dean, might be able to
20 report on that.

21 MR. LAURIE: With 50, 60, or 70 issues. We
22 need to consolidate those; we need to fund those; and

1 you have to do it in January because you can't
2 determine what more information you need until you look
3 at those set of issues. So we have to do that in
4 January. And it will probably take a half day to get
5 that done.

6 MR. GARCHOW: If we could get those out ahead
7 of time, we might be able to rank them and then get
8 them back to John, where we could have some -- he could
9 take some liberty and say, you know, here's seven that
10 are worded. They are essentially the same. And if we
11 word them this way, they sort of capture --

12 MR. PLISCO: Yeah, John and I talked about
13 that last night. What we will do is take all the
14 inputs and try to prepare a consolidated list, look for
15 implications, related issues through some kind of
16 grouping that we'll propose to you.

17 MR. LAURIE: I went to talk to Chip last
18 night but I couldn't get him off the stage.

19 (Laughter)

20 MR. PLISCO: I'd like to set a cutoff as far
21 as getting -- I mean, obviously, we're going to have
22 stuff that we put together as a preliminary list, but

1 we'd like to get everyone's input that hasn't provided
2 it as of now to help us with putting together that
3 list. If you can get that to us in the next two weeks,
4 if anyone else has any issues.

5 MR. FLOYD: I don't know how much structure
6 we want to do this, but if we just send the list out
7 and ask everybody to prioritize it. Everybody is
8 probably going to come up with their own priority
9 scheme.

10 Just thinking -- put this on the table.
11 Maybe just three categories we want to put them in?

12 Do we see any that if they're not fixed we
13 think the program fundamentally won't work significant
14 enough that it would trash the program? That would be
15 one category.

16 Second category would be items that we think
17 are very important prediction for the program, high
18 priority items.

19 And then maybe the third category is
20 enhancements. You know, things that, given the work
21 load that everybody has, it would be nice to make some
22 improvements of some kind. But these aren't really

1 high priority issues, but these certainly are things
2 that are could improve the program.

3 MR. TRAPP: Maybe we could cut it down to two
4 meetings. Anybody think of a fatal flaw that would go
5 into --

6 MR. FLOYD: I would propose that too, but I
7 didn't want to preclude anybody from saying they think
8 there's one.

9 MR. TRAPP: I certainly haven't heard any.

10 MR. BORCHARDT: The list that we're coming up
11 with are as much issues that we want the process to
12 consider as recommendations to change?

13 I mean, we're not necessarily saying that the
14 end result will even be a change after it's all
15 considered, right?

16 (Yeses.)

17 I mean, that's just a way of framing. Not
18 necessarily that you need to come up with a fix for
19 each of these programs.

20 MR. TRAPP: Another thing that still bothers
21 me about this list is that it would be nice to compare
22 it to what Bill Dean has on his list. I still feel

1 we're creating another list of the same items that are
2 already on a list somewhere. And it seems like it
3 would be nice if we could get Dean's list and somehow -
4 -

5 MR. PLISCO: But I don't see this as a
6 problem in the same way. If that were true, that would
7 be a good sign. We haven't seen his list. I think we
8 were really asked. To me, part of our success is if we
9 go through the list and they go through the list, and
10 they do line up. We're getting different inputs and
11 looking at it from a different perspective. That's
12 what we're asked to do, and make sure something wasn't
13 missed, or something significant wasn't missed.

14 I think it would be helpful to find out where
15 they are, and we may hear a different perspective. And
16 I think we will hear some of that the way we're going
17 to line up this presentation next month.

18 MR. GARCHOW: I think we need to ask Bill
19 Dean, whose into this every day, and then some of the
20 region folks may have this perspective, where might
21 there be a perceived disconnect between what data is
22 showing and whether the intelligent, educated people in

1 the region really think about a plant. And then just
2 see what -- have a conversation around what is it about
3 that perception. Somebody must be doing that in the
4 NRC, I would hope. And maybe there are no examples.
5 That would be information on its own. But there has to
6 be some examples out there where maybe there's a
7 feeling in the region that this plant's different than
8 what the collective PIs and assessment are telling us.

9 MR. BORCHARDT: I'm not so sure that's a
10 valid question, because the whole program is driven
11 towards giving you the answers of the new program. I
12 think your question would be valid if we had -- if you
13 had a plant that was undergoing the old inspection
14 program and the new in parallel and comparing the
15 results. But how could you have the agency coming to a
16 different opinion utilizing the same information?

17 MR. GARCHOW: I talked to Hub Miller quite a
18 bit. And Hub uses words: You've still got some itches
19 that are unscratched. Right. So, I mean -- and Louis
20 and probably -- they have a -- by their experience and
21 their experience base in doing this, they have a -- I
22 mean we talk like Gut Fields, like they're lost, but

1 there's actually parts to Gut Fields. And any of us
2 who are in management we use that to steer to go look
3 in our management.

4 So I'd be interested in some of the Gut
5 Fields that the regional administrators and their staff
6 might have as they struggling through the process
7 'cause they --

8 MR. BORCHARDT: Have them come talk to us.

9 MR. GARCHOW: -- it's not a perfect world.

10 MR. PLISCO: You going to ask direct
11 questions when the resident inspectors come in.

12 MR. GARCHOW: May that's the --

13 MR. BROCKMAN: From the regional viewpoint,
14 pretty much more regional project representations here.
15 I mean, within the panel --

16 MR. GARCHOW: Maybe we just need to have that
17 conversation.

18 MR. BROCKMAN: Because I know Hub's real
19 worried about his ability to get a sense. I'll
20 represent Hub's position because he's worried that, in
21 some of the coss-cutting issues, the residents are
22 seeing these issues occur, because they're at the site

1 every day. In the old process they might have had an
2 in to go pull the string a little further, and maybe
3 they don't find anything; maybe they do. But right now
4 those strings are just sitting there unpulled.

5 As more of these types of examples at a
6 particular plant -- this is Hub's conversation -- he's
7 wondering if that's not leading to a chance of missing
8 a declining performance like the collective, I'll say,
9 judgement and experience base of the residents, is
10 telling him that there's something going on, but they
11 haven't quite to do an inspection yet.

12 MR. SCHERER: On that end a little bit. When
13 both Jim and Jim come back and put together some
14 presentation, I'd be very interested. We've got some
15 experience now, actual experience in the plant. And
16 I'd like to hear both the concerns that people have,
17 which I think we've been hearing, but also what
18 experience there is out there that either validates
19 that concern or doesn't. Because I'm having trouble
20 separating some of the information I've heard as to,
21 well, there's a concern here that we won't be able to
22 pull on this string. And, you know, what is the actual

1 experience.

2 Don't need an answer now, but I'm saying, are
3 there residents and senior residents that have back to
4 you and say, yeah, here's a couple or three examples of
5 things I just didn't have a chance to pull a string on.
6 Or the answer, yes, I'm still concerned about that, but
7 I don't have any experience. I've always been able to
8 pull on that string. So it's a legitimate concern but
9 there's no practical experience. I'm trying to get
10 data based on the experience that's --

11 MR. GARCHOW: That's where I'm at. So we've
12 either got to kill -- I won't say kill it. We've got
13 to pass just on data.

14 MR. SCHERER: Yeah, I'm trying to get some
15 hard data that says, yes, here is some experiences that
16 we haven't been able to --

17 MR. GARCHOW: When you talk to Hub that's the
18 first thing out of his -- he's concerned about the
19 ability to plan and the clients -- issues that haven't
20 opted through. And the PIs are the inspection.

21 MR. MOORMAN: A lot of that right now goes
22 back to a threshold and people not really being

1 comfortable with the threshold at which we're
2 identifying issues, and for us feeling that we need to
3 be predicted to a certain extent, because nobody wants
4 to be standing there when things are going bad. That
5 causes us a lot of discomfort.

6 So in order to be pro-active or at least try
7 to be, the desire is to go and be able to take issues
8 and be able to make an assessment and have something
9 change. I'm not sure that we'd be able to hold up any
10 specific examples, although I think we have a
11 particular senior in mind that can talk to you about
12 culturing corrective action programs and where there's
13 possibility.

14 MR. BROCKMAN: I have a good example in that
15 area right now -- correct me, if I'm wrong -- IPT.
16 Just the work force that is going on, the agency's
17 inspection to seek generator results. To determine if
18 the inspection that we've got in adequate because this
19 thing occurred, and should our inspection program been
20 able to identify it before it occurred.

21 MR. KRICH: You talking about IP2?

22 MR. BROCKMAN: Yeah, on IP2. And the

1 anxiety you're hearing on anyone when all of a sudden
2 when you go from a green to a red on an issue or
3 something is, even though you said no, that will occur,
4 the after-the-fact review in looking of that often
5 causes us to build a process to preclude that from
6 happening again.

7 MR. GARCHOW: That's a while another
8 discussion, because the design basis of the power
9 plants wasn't that a 104 plants, if they were all PWRs,
10 were never have primary to secondary --

11 MR. BROCKMAN: That's the anxiety associated
12 with the discomfort on the present thresholds.

13 MR. SCHERER: I understand. And I'm trying
14 to get it in legitimate concerns we need to address,
15 and what does the data show as far as the experience to
16 date, so that I can understand just what level of
17 recommendation does it -- or correction action, if any,
18 does it deserve.

19 MR. GARCHOW: That captures my issue better
20 than I communicated. That's the issue.

21 MR. MOORMAN: I think in addressing this
22 perhaps we'll also address some of the other issues

1 we've heard from Bill morning about us not appearing at
2 a level that will allow us to be predictable.

3 MR. BLOUGH: Dave mentioned that you kind of
4 want to -- you responded in part of the talks about
5 threshold. There's an element of that question,
6 though, that is inspection, and it is kind of the
7 continual look at cross-cutting issues, particularly
8 corrective action.

9 One of the really good things about the new
10 program is that the inspectors don't -- under the old
11 program inspectors kind of owned the issues when they
12 found them. We shouldn't own those issues; the
13 licensee should own the issues. And so the things that
14 the inspectors used to follow up on, everyone of them
15 are now go to licensee's corrective action system. The
16 question is should be some element of cycling back to
17 kind of mid-level issues quicker than the annual PI&R
18 that'll give you more insight into the performance. It
19 really gets an all cross-country issues if you do that.
20 That's the other half of that question.

21 MR. MOORMAN: I personally would like to see
22 it factored back into the inspection program as the

1 ability and prescribed way for us to go in and be able
2 to paint a picture of the corrective action program on
3 a continual basis, as opposed to having that one.

4 MR. BLOUGH: There's nothing in your baseline
5 now which allows you to do that?

6 MR. MOORMAN: There is, but it's a threshold
7 issue again.

8 MR. PLISCO: Is it an issue that may have
9 time allotted to look but the threshold on what they
10 actually can put in that report and document is high.
11 So they look but they don't say anything. That's where
12 some of the frustrations is in some of those issues
13 having to do with the corrective action program.

14 MR. KRICH: When you say -- not documenting
15 the inspection report.

16 MR. PLISCO: That's correct.

17 MR. KRICH: This is a discussion we've had
18 many times. If an inspector finds something out there
19 and it doesn't rise to a level of the inspection, we
20 really want to hear about it. Please talk to us.

21 MR. MOORMAN: And that's what I'm seeing
22 going on right now.

1 MR. SHERMAN: I can't help when this
2 discussion takes place, going back a couple of years,
3 when I had Bill Dean's job. I spent nine months
4 responding to the Towers Report, which was highly
5 critical of the NRC inspectors, raising issues to
6 licensing management and causing some corrective
7 actions to take place, and not documenting it or having
8 a regulatory basis. And now we've gone 180. Now
9 you're asking for it.

10 And now you're saying give us the feedback.
11 Don't put it in a report but give us the feedback. I
12 don't think I will ever become comfortable with that.

13 MR. GARCHOW: That's the beauty of America
14 that allows that kind of --

15 (Laughter)

16 I think the pendulum is the answer, right? I
17 mean the truth is probably somewhere between the two.
18 Come back to some place that's right.

19 MR. SCHERER: I'm still looking. Maybe it is
20 because I have the oversight function within my
21 company, so I find myself in an analogous role where
22 I'm charged by my management to provide an early

1 warning. But money's internal.

2 We've moved the follow-up corrective action
3 to the line organization instead of following it
4 ourselves. And there's a discomfort on the part of my
5 QA, QC inspectors is to, you know, the measure of
6 control and how we are trend it, and if it goes to the
7 line organization. From hearing the same discussion
8 internally, and I'm trying to -- internally, you also
9 separate out okay, what issues didn't get followed up,
10 what issues, you know -- give me some facts I can
11 understand. We can mid-course correction. And what I
12 would attribute to a legitimate concern with a change
13 in the process, and a change in control and shifting
14 from something in the nuclear oversight function at my
15 plant QA used to control that now they are providing
16 oversight for the line organization to self-correct.

17 It is in many ways very analogous and I wanted
18 to be data driven organization that makes corrections
19 based on the actual results, but recognizing that there
20 are legitimate concerns that we have address
21 programmatically as well.

22 MR. MOORMAN: And this may turn out to be a

1 change of management issue whether we all have to come
2 around and understand what is --

3 MR. FLOYD: I'm trying to get a little
4 baseline here, and I don't understand. I thought the
5 new baseline program works the following way -- and,
6 correct me, if this is not right -- you go and find a
7 green finding that's turned over to licensee. It's
8 written up on the inspection report outside the
9 violation...licensee corrective action program. I had
10 always presumed, the way the baseline program is
11 written, that the inspector was once expected at some
12 time to go back and make sure that the licensee did the
13 corrective action that was associated with the green
14 finding.

15 MR. PLISCO: Not under the new program. The
16 only time you do that is as part of the PI&R
17 inspection.

18 MR. FLOYD: This is part of the PI program.

19 MR. PLISCO: There is I think a 20 percent
20 sample in the PI&R section.

21 MR. FLOYD: You got a ten percent sampling in
22 each module.

1 MR. PLISCO: No, the ten percent is time.

2 MR. FLOYD: Yeah, the ten percent is time.

3 MR. BROCKMAN: There are not that many green
4 findings. I mean there's a lot, but I mean spread
5 across the country there's a handful to play on. You
6 would think in a ten percent time sampling program for
7 an inspection would be more than adequate time for the
8 inspector to go to corrective action. The minute you
9 guys complete that action, what did you do?

10 MR. PLISCO: We're on a transition now too,
11 remember. A lot of PI&R inspections that we did, what
12 they're looking at is NCVs in the old program from a
13 year ago. We haven't gotten to the point where your
14 looking back a year and its just stuff in the new
15 program, too. I think the NCV sample has been fairly
16 large, I know the ones that we've done so far because
17 of that time period.

18 MR. GARCHOW: What's the data show?

19 MR. FLOYD: What I'm looking at here is
20 Jill's data, 207 green findings in the first quarter of
21 the program; 246 in the second. So we have 450 or so
22 findings right across 103 units. You're looking at

1 about four or five per unit on average. But on average
2 you're looking at four or five of things that you'd
3 think the inspector would have time to go back and pull
4 the string on a little bit. Within the ten percent
5 available. And annualize that.

6 MR. TRAPP: Why would it be more important
7 for them to look at those, though, than everything else
8 in the program?

9 MR. FLOYD: These were at least findings that
10 rose to the level of being a cited violation and
11 passing the threshold of being NO610 started, at least
12 having some identified level of significance that got
13 them classified as a green, as opposed to a minor
14 violation on what was in the past an observation.

15 MR. BORCHARDT: Just for the sake of
16 conversation, not all greens are violations. And so,
17 the PI&R of --

18 MR. FLOYD: I agree.

19 MR. BORCHARDT: NCVs are green findings.

20 MR. MOORMAN: I think its written as NCVs
21 right now.

22 MR. GARCHOW: Its more green findings.

1 MR. SCHERER: I agree with Steve's point.
2 But there's also an element in the PI&R inspection that
3 says go back and sample previous findings and go look
4 at how they got resolved. And part of the reason I'm
5 comfortable with that is that the resident is familiar
6 with it, the NRC inspectors are familiar with it and
7 therefore, a review is probably a more meaningful
8 review than picking up an issue code that they
9 reidentified that the resident may or may not be
10 intimate with. But any of the green findings they
11 would be familiar with, and therefore, they could
12 determine whether or not there's been any way that
13 diminishment in the follow-up, because it was a green
14 finding turned over to the utilities corrective action
15 program as opposed to being documented, written up, NOV
16 and captured in that manner as a regulatory commitment.
17 It gives you essentially a comparison to what would be
18 the old system of writing it up as an NOVA versus just
19 turning it over to the utilities corrective action
20 program.

21 MR. PLISCO: And in practice I know that the
22 residents will read it too. I know they do this.

1 During the year a corrective action document comes in
2 that they have some discomfort with or they think needs
3 a relook, and they have a folder, and they throw it in
4 the folder. And when the inspection comes up, they
5 meet with the team leader and they give them his
6 folder. That's how -- they need to take a closer look
7 at.

8 MR. TRAPP: Kind of in the spirit of the new
9 program, though. I guess my point of view is an SRA
10 would be -- we've already determined this is very low,
11 one in a million chances, increases in core damage.
12 Rather than dwell on that, move on and go find me
13 something significant.

14 Why take a green that you've already found
15 and spend a lot of time looking at corrective actions,
16 when the best you're going to do is find it is green.

17 I'd rather have you spend your time going out
18 and find some significant to do.

19 MR. FLOYD: The itch trying to be scratched
20 is, because we are turning it over to you in your
21 corrective action program, how do we know you're really
22 following through and taking care of the condition.

1 That's the follow-up.

2 MR. PLISCO: This is the one programmatic
3 review really that there is.

4 MR. SCHERER: In our case we hope answer your
5 question by our prioritization. Essentially that means
6 go to cap one corrective actions. Those are the ones
7 that have the most risk significance, because that's
8 why they were categorized as one. Then you look at the
9 two three's to make sure that we didn't mischaracterize
10 a one as a two-three. Basically, most of the green
11 findings are cap four.

12 MR. GARCHOW: That's what we're saying too.
13 Because left to the NRC taking the time to identify
14 them and even characterize them to be green is actually
15 more time than what, if we identified it correctly as a
16 program, we would ever spend on it in the pursuit of
17 more risky issues.

18 MR. BLOUGH: That's kind of the other
19 question about with a PI&R whether there might be some
20 -- you know, checking some of those things in the mid-
21 level on your system a little more often than that
22 little PI&R piece of each inspection. Get a real time

1 understanding of how the licensee's PI&R process
2 functions. Not that we would follow-up on all of them
3 or all events the way we used to, but is there indeed
4 some middle ground.

5 Were we going to agenda planning or are we on
6 something else?

7 (Laughter)

8 MR. PLISCO: Back to January, I think we have
9 a full plate.

10 MR. MONNINGER: We do have a full plate.

11 MR. PLISCO: Maybe they'll move to the next
12 meeting. Pencil it in.

13 Actually, I think we're in the middle of a
14 conversation about Bob's comment about the issues
15 themselves and drifted off.

16 I think what the plan is, is John and I will
17 take the inputs, we'll prepare a summary listing.
18 Everyone agrees with Steve's -- well, we'll get that
19 out to you, each individual, set a priority, and then
20 when we meet back we'll try to work through this
21 priority list. At least agree among these higher
22 category priorities.

1 MR. GARCHOW: There's another perspective I
2 think we missed, too. I mean...at NEI is pretty much
3 eating, living, and breathing this. To the extent that
4 we all have representatives, we sort of have invited
5 the utility folks. We have a view of the industry, but
6 its only based on our information. In fact, Steve has
7 the collective view with his staff. Is there room for
8 -- I mean I think there's room for this panel to hear
9 what the collective industry view on the good, the bad,
10 the ugly since --

11 MR. LAURIE: I think it is important to do
12 that from someone other than the panel members.

13 MR. GARCHOW: Right. I think at some future
14 we need to have, you know, one of Steve's staff come
15 and say, hey, we've been meeting as an industry every
16 two weeks for two years, pouring over all this, what
17 does that perspective tell us.

18 MR. BORCHARDT: I would propose to add to the
19 wish list, like, putting your shopping --

20 (Laughter)

21 I draw the line through Wednesday.

22 (Laughter)

1 -- some press representation. Matt Wald,
2 some inside NRC reporters, some people that are a
3 little bit more of the interface between our activities
4 and the public. That will give us a perspective on how
5 understandable this is.

6 MR. BROCKMAN: If you're going to go there
7 you've almost got to Wall Street. You've almost got to
8 go to the other once-removed stakeholder who is driving
9 a lot of actions, and that's Wall Street. They're the
10 ones who added four SALPs for us, one and three 2s and
11 you came out and you were a 1.75, which we heard this
12 morning. Why do we need that number? So we can add
13 them up and divide by four and come up with a number.

14 And what is Wall Street doing with the data
15 because that is what's going to put pressures on
16 utilities.

17 MR. GARCHOW: Why didn't Jim ask them what
18 were they going to do?

19 MR. BROCKMAN: I don't know the answer to the
20 question. Somebody's giving insights I think of very
21 valuable bit of information.

22 MR. MONNINGER: What are some names or

1 organizations?

2 MR. GARCHOW: Jim Assilteen, is that how you
3 pronounce it?

4 MR. MONNINGER: Assilstein.

5 MR. GARCHOW: Works for one of the rating
6 agencies, a nuclear power.

7 MR. KRICH: Let me just add to that, Ken,
8 because that brought to mind that a year ago this past
9 August I met with the Illinois delegation of the staff
10 members, and representatives of the senators from
11 Illinois about the new oversight process. That was
12 arranged by the governmental affairs people. And it is
13 was interesting listening to the discussion today.
14 What they were interested in was, give me a number.
15 Give me something that I can go to the constituents and
16 say, yes, we know what's going on with the nuclear
17 plants in our congressional district, and they're okay
18 because they have this number.

19 They were concerned about we knew SALP, we
20 understood SALP, one, two, three. They had a number.
21 How does that work under the new process. And I
22 assured them that the new process was going to be fine.

1 It's the same type of -- you get the same kind of
2 feedback. We need something to point to to say, this
3 says to me it's good. This says it's average. This
4 says it's a problem.

5 MR. GARCHOW: It is not a either/or
6 discussion. We want them both, right? Having
7 something that's simple and easy to understand is
8 totally grounded -- I mean, I'll say will over sell it,
9 totally grounded into subjectivity. Because it was
10 understandable because you were a 1.75, in some
11 respects leadership is doing what's right. And what's
12 right, you know -- that isn't right, even though it
13 might have been understandable, and the people thought
14 it was right, to the constituents it wasn't right. You
15 need both.

16 MR. SCHERER: I guess I had a concern about -
17 - my favorite phrase is "slippery slope" in terms of
18 trying to identify all the possible uses of the metric
19 or the findings. And when you get to financial -- I
20 know this is important, because I think those in
21 congress and other stakeholders I think we're on a
22 slippery slope of how other people might use this

1 information, and that's a very, very, very broad
2 spectrum.

3 I sort of like the press because of the
4 direct uses is public communication. And if we go back
5 to the metric we talked about, and the goals, and the
6 key success criteria, it was public understanding, and
7 we tried to hear from some of the public. But the link
8 to most of it is the press, because they take the
9 information directly and they act as the filter, if you
10 will, to a lot of our public including the stock
11 analysts and some of the others.

12 But if we try to identify every possible user
13 of the information that we're going to publish, I think
14 we'll be here forever. I think we just don't have
15 enough time between now and then to identify every
16 possible user.

17 MR. LAURIE: On the other side of that, Ed,
18 in determining your goals, your company goals, your
19 plant goals, you're going to look at a variety
20 criteria.

21 Certainly whether stated or unstated...to
22 satisfy the needs of the financial analyst. And so I

1 think it is important for the program to understand
2 what they're hearing, and how they're interpreting it,
3 and what language they need to satisfy themselves,
4 which would in turn satisfy industry. I'm very
5 interested in their knowledge about the program and
6 what their needs are.

7 I think they're a substantial -- we can
8 subjective. We can guesstimate what the public is
9 looking for. I think the financial world has much more
10 concrete criteria to...what they're looking for. So
11 whether it is part of a formal hearing or not, I'm
12 personally interested in what these folks needs are for
13 language purposes. Whether green and white satisfies
14 them or if they need something else. Because I think
15 that in large measure or some substantial measure
16 guides you all.

17 MR. KRICH: I guess I take this conversation
18 as throwing out ideas about --

19 MR. PLISCO: Yes.

20 MR. KRICH: -- groups that we may want to
21 hear from. So I don't see that as -- we're not yet on
22 the slippery slope.

1 So one other thing I would like to throw out
2 is that back when we implemented the program, each of
3 the regions went out and had a meeting at the local
4 sites, talked to the local government agencies. I
5 attended some of those. They were pretty non-events.
6 But would we want them to bring some of those people
7 back in and talk to them since now we'll start off the
8 program telling them, here's what it is. We've worked
9 it for almost a year. Would it be worth bringing some
10 of them back in and we ask them what they think, how
11 they see the work?

12 MR. PLISCO: I can speak for Region II. We
13 had a hard enough time getting them to come to the
14 first meeting. We had very little participation or
15 interest.

16 MR. GARCHOW: We could ask Alan Anderson and
17 his group be prepared to discuss that. I'm not sure
18 that this panel has to do all the leg work.

19 MR. PLISCO: But it's a thought.

20 MR. GARCHOW: Or summarize what's been done.

21 MR. MONNINGER: Certain segments within the
22 NRC -- in the PeepUp against the process. He mentioned

1 it may be a good idea to invite some of those same
2 inspectors or managers or whatever.

3 MR. GARCHOW: Steve, do you recall? I don't
4 recall anybody on the record --

5 MR. FLOYD: Yeah, there was.

6 MR. GARCHOW: -- that gives from the NRC.

7 MR. KRICH: That was someone from Region III,
8 I think came to --

9 MR. BROCKMAN: I think it was Mark --

10 MR. KRICH: Thank you, Steve, I was going to
11 say that. The thing for Region III, I was going to
12 stay out of that one.

13 MR. BROCKMAN: There was one other besides
14 Mark.

15 MR. GARCHOW: It's not about Mark. Those
16 have actually been used. Now I remember. We got them
17 out there. So it was nothing against Mark.

18 MR. BORCHARDT: How about the PeepUp members?
19 They went through their stage; now they're booked from
20 their respective positions; that the initial
21 implementation may have a very well educated
22 perspective of what they thought existed, however long

1 ago that was. And now from where it is today.

2 MR. PLISCO: I think that was part of the
3 thought at the first meeting was why we wanted to hear
4 Phil Dean talk about what they did with the PeepUp
5 recommendations. I don't know if there's more than a
6 dozen of them on any report to find out what's
7 happening, whether those are resolved or not.

8 MR. GARCHOW: Actually Steve and I are living
9 links.

10 MR. KRICH: And Ken.

11 MR. GARCHOW: And Ken. That's right. Living
12 links to that panel.

13 MR. BORCHARDT: I think there's some others.
14 I would harken to suggest Jeff Leiberman might have a
15 view; Frank Gillespie. I don't know who all the
16 industry people were.

17 MR. GARCHOW: We heard -- is it Gary from
18 Illinois? He was on the panel.

19 MR. SCHERER: And Jim Chase from Omaha.

20 MR. GARCHOW: Jim Chase.

21 MR. PLISCO: Any other thoughts?

22 (No response.)

1 MR. BLOUGH: We need to prioritize the
2 issues. That will have to be I think a heavily
3 facilitated activity which the group processes thought
4 out of the substantial degree in advance in order just
5 to make progress in this group.

6 And so the group dynamics type things, I mean
7 we're going to have some real expertise and some
8 process to get there.

9 The other thing is on hearing from
10 stakeholders. One thing which to look at is, who we
11 have when just in fairness to them. For example, if we
12 have a meeting and we've invited certain stakeholders,
13 and then we have others at a different meeting, is it
14 the right group such that ones who should be able to
15 hear what others are telling us and kind of respond, or
16 all there at the same time.

17 I'm not crazy in that, but if we had some
18 come in in January and some come in in February, some
19 findings go into who comes in when because the
20 individuals to be able to sit there and hear what
21 others tell us, and then relate that to what they want
22 to tell us. As opposed to making two trips to the

1 panel.

2 For example, if UCS or Ricky Oats group or
3 someone wants to come in. We should look at what's
4 going to be most convenient for them to be able to
5 experience as much of the process as they can while
6 they're providing us their input.

7 That's all.

8 MR. MONNINGER: Going through all of the
9 names, what I was thinking was, the third meeting,
10 which will be January 22nd and 23rd, and close up with
11 the State of New Jersey and Pennsylvania. Men with
12 basically all kinds of different views from the staff,
13 whether it's Bill Dean's shop, whether it's SRAs,
14 whether it's SRIs or the cross-cutting working group,
15 etc. That pretty much filled the agenda in January.
16 Then it looks like February will be the NEI group, the
17 UCS publicists and financial analysts, local government
18 agencies, you know, the PeepUp members. So it did look
19 like there was some organization.

20 MR. PLISCO: Anything else on the agenda for
21 January?

22 (No response.)

1 MR. GARCHOW: I have a question on OCS view,
2 sort of clearing the issues, running the real time
3 mode. Was it your intent to sort of get us all on a
4 roll off of issues sort of independent of where they
5 came from, because of this panel it seems to me it
6 shouldn't be dependent on who had the issue, and get
7 them back to us. Was that the plan?

8 MR. MONNINGER: The thought was, we seem to
9 like Rod's format at the table. So the thought is, I
10 start with the table, expand a little bit. And we
11 heard the Region III stakeholder meeting first, and
12 then we have the Region IV. So I was just going to
13 keep inserting, inserting, inserting, and then Mary's
14 issues, the state issues, everyone would have their
15 line items and our four different categories, PI
16 inspections, whatever. Our five categories without
17 reference to where they came from.

18 MR. GARCHOW: And then I entrust you to
19 consolidate the --

20 MR. MONNINGER: Yeah, Loren and I will
21 consolidate on the multiple people mentioned, 955, that
22 kind of stuff, and then we would come to a pretty good

1 agreement. And then I put that then in the meeting
2 summary, because all the inputs came from me through
3 the transcript, whatever. We would then issue that,
4 hopefully, within two weeks. It takes a week for the
5 transcript to come in. Hopefully we have that out in
6 two weeks.

7 MR. GARCHOW: And then that would be the list
8 that we'd start with, per Randy's suggestion that start
9 to facilitate the review process to come up with
10 whatever the final list would be. I understand.

11 MR. TRAPP: Should a subcommittee rank them
12 for the first shot through and then we could just come
13 in and discuss differences, if there was any?

14 MR. PLISCO: What are your thoughts on that?

15 MR. MONNINGER: Does that mean you have to
16 have a subcommittee meeting?

17 MR. GARCHOW: How about an informal gathering
18 of interested personnel?

19 MR. PLISCO: Well, Jim's suggestion was,
20 before we meet as a group to talk about the
21 prioritization. Maybe break it up into groups.

22 MR. GARCHOW: We start with that, figuring

1 out how to do that.

2 MR. MONNINGER: I mean when we shoot it out
3 via a meeting summary everyone can shoot their feedback
4 back in, but you can't cross comment on how someone
5 ranks them. Or you can -- maybe four or five people
6 would shoot their inputs back as to how they ranked it
7 and then --

8 MR. BROCKMAN: The only way to do it is to
9 put together a table for you to get it back. And if
10 everybody ranks them from one to X, or high, medium,
11 low or whatever we've got, then you could have a table
12 for each person on the list of issues, and then send
13 that out to everybody and you've got your final.

14 MR. MONNINGER: Yeah, we were told on the
15 one, two, three ranking, I think Steve came --

16 MR. BROCKMAN: Whatever we've got. That you
17 could take all the issues everybody sends in, you fill
18 out the table, the table is completed, boom.

19 MR. PLISCO: Let me go over that again, so we
20 can be clear on that. Steve's suggestion was three
21 categories, when you go through this initial ranking.
22 One is, you know, if it's not fixed, would it cost -- I

1 think you said trash the program. I can think of
2 another word. I will put it in the context of an
3 original objective as something when it's not meeting
4 one of the agency goals.

5 Two is a high priority. Something that
6 should be addressed. And three is enhancement.
7 Something that we would recommend should be done, but
8 it's not in these first two categories.

9 MR. BROCKMAN: Going into that attachment you
10 talked about.

11 MR. FLOYD: I hate to say it but there might
12 be a fourth category, too, and that's "other." It's
13 neither an enhancement or anything we may think we can
14 do anything with. I mean, some of the comments are
15 kind of regional exclusive of some of the principles of
16 the program. And unless we're going to change the
17 principles of the program...

18 MR. BORCHARDT: I think I tried to make this
19 point earlier, so this will be my last time. Rather
20 than say "enhancements" as the third category, I'd say
21 "areas for evaluation."

22 MR. GARCHOW: Or items for consideration.

1 MR. BORCHARDT: Whatever the language is.
2 But enhancement to me means this is something that you
3 eventually need to fix, maybe two years from now. But
4 I'd like to have the freedom to say, I don't know if
5 this is a good idea or not, but I think it's a good
6 idea for you to look at it.

7 MR. PLISCO: It might be you don't need a
8 fourth category then.

9 "Items for consideration."

10 MR. SCHERER: I would include in that, so I
11 don't want to create a fourth category, things that we
12 want to maintain on the list to worry about in the
13 future. Potential issues that need to be watched and
14 not necessarily enhancement. We're not saying you need
15 to fix something. But it's things that we would say,
16 you know, the future self-assessment need to address.

17 MR. GARCHOW: So that would be to consider.

18 MR. SCHERER: Yes. I could easily find
19 myself comfortable putting that sort of issue on that
20 third category, and then we keep it down to just three.

21 MR. MONNINGER: What happened to the "other"?

22 MR. GARCHOW: Turns into "items for

1 consideration."

2 MR. PLISCO: "Items for consideration," the
3 third category.

4 MR. MONNINGER: There may be issues you don't
5 even want people to consider.

6 MR. SCHERER: Then they shouldn't be issues.

7 MR. MONNINGER: We're putting everyone's
8 issues in the table, and that doesn't mean that that's
9 the table that goes forward.

10 MR. PLISCO: Well, I always say if we assume
11 it's blank --

12 MR. GARCHOW: Let's address what John's --

13 MR. PLISCO: -- none of these three.

14 MR. FLOYD: Nobody felt it deserved further
15 consideration.

16 MR. GARCHOW: But for completeness, John,
17 you're on to something, because you saw that this
18 morning. That list of everybody's could be an
19 attachment in the report, so that the document that
20 we're in sort of shows the process. Or you could see
21 the big list, then you could say, okay. The panel has
22 come up with that ranking, and that list is an

1 attachment.

2 And that whatever our deliberation would show
3 actually goes forward in the report. But at least for
4 the record we would have the attachments to show the
5 journey, so that it was shown in the public record that
6 every issue got deliberated and had a process to get
7 discussed by the board, which is why the PeepUp report
8 ended up that thick for a 15-page document, cause you
9 could see the whole pack.

10 MS. FERDIG: I just have a thought that's
11 coming to my mind, and like Bill I'll just say it once
12 more and not bother to say it again.

13 But in this conversation are we assuming that
14 we will have specific data point examples associated
15 with each of the issues that get played out in the
16 report, number one.

17 And how do we intend to give the kind of
18 consideration to the things that are going well with
19 data point. Specific example that I suggest also be
20 included in this report and deserves at least some
21 level of energy equal to that that we're spending on
22 the issue guidance. And how do we go about that?

1 MR. FLOYD: I think that's a different list.
2 I agree with the suggestion. I just think it's a
3 different list.

4 MS. FERDIG: Right. And is it something we
5 do later or is it something we do concurrently, or how
6 does that fit into our cognitive processes?

7 MR. GARCHOW: That's an -- you just heard the
8 pregnant side on this.

9 MS. FERDIG: Right.

10 MR. GARCHOW: We don't do that at all.

11 MR. PLISCO: I did it already.

12 MS. FERDIG: Well, given the timeliness of
13 yesterday's conversation, I guess --

14 MR. PLISCO: That I can put together.

15 MR. BORCHARDT: I would suggest that we would
16 want to make some kind of global statements about some
17 of the positives. But given the limited amount of time
18 we have, and the resources available to draw on, it
19 would not be efficient or -- the right thing for us to
20 do is to spend an equal amount of effort looking for
21 positives that we want to have continue as we are
22 trying to identify where there are some areas that need

1 to be improved.

2 MR. SCHERER: With one exception, if you
3 would, Bill. Those areas which we may or may not
4 believe. If you start eliminating that positive
5 attribute, we up the program at risk. A potential
6 example is the FAQ process.

7 If this group were to decide that we need to
8 continue, will we need to at least focus on the
9 benefits that are provided by NFAQ process, then we
10 would want to put in our report that staff ought to
11 give consideration before eliminating that, or at least
12 put some other process in place that would provide a
13 suitable dialogue for clarification.

14 So I'm not suggesting that it would be in the
15 report. I'm simply saying there might be some things
16 we find help make the process accessible thus far, and
17 we want to reflect some degree of assurance that it
18 would either continue or that an adequate substitute
19 would be identified.

20 I'm not saying that there's a long list of
21 them, but I think eventually there's some that could
22 exist, and we would want to have the ability to put

1 those in.

2 I don't feel the need to say, you know, a
3 positive thing and a bad thing, and a positive thing,
4 and an opportunity for improvement, and somehow, you
5 know -- you've been handed a process. I'm much more
6 interested in focusing on those areas that we can
7 improve, as opposed to saying well, this is so much
8 better than anything else.

9 MR. GARCHOW: We're not really selling it.
10 The commission has already approved it.

11 MR. FLOYD: Might I suggest in the interest
12 of time 'cause we won't get everybody's input today.
13 We really hadn't thought about it in those terms. I
14 think that's a good way to think about it.

15 Make a homework assignment for folks as much
16 as we did this last time for identified issues of
17 things that need to be improved. Could we not think
18 for the next time to come in with a prepared list of
19 items that we think that if they were removed from the
20 program would it substantially hurt the program.

21 MR. BROCKMAN: A list of successes.

22 MR. FLOYD: Successes. Right. I can think

1 of another one would be the web site for communicating
2 information to the public.

3 For some reason as a result of one of the
4 other items, let's scrub oversight. It's confusing,
5 you know, to certain elements of the public. That
6 might be viewed as not a success.

7 MS. FERDIG: But I do hear your point about
8 not wasting time on things that are given already.

9 MR. PLISCO: That list and my input as far as
10 this part wasn't necessarily my list. I sat through a
11 lot of workshops and a lot of feedback sessions with
12 inspectors, and I've been collecting that list over the
13 last year of what things -- at least in the groups that
14 I talked to have agreed to things that are working.
15 And even some side benefits that weren't anticipated.
16 There's a number of those things, too, in the
17 communications area, especially where its some things
18 that really weren't meant to be part of the program
19 fell out as a positive.

20 MR. GARCHOW: Can I add to that? Did Steve
21 find, looking to Jim and Jim in putting together your
22 presentation, I would that there is some facts that we

1 may or may not be aware of in terms of things that have
2 been key training issues or communication issues within
3 the agency that may or may not be important to the
4 success of this process that we want to capture.

5 So we have an opportunity to hear from both
6 of you or from SRAs and residents. That may be one of
7 the questions you want to ask so that we can get to the
8 feedback and consider those.

9 MR. GARCHOW: And the training of the
10 inspectors isn't very robust that -- I would say be a
11 key element of the program -- really we haven't talked
12 about at all.

13 MR. SCHERER: But I think the presence was
14 such we would pick up if the training was not robust
15 enough. But if one of the reasons we got as far as we
16 did is that, hypothetically, the training was robust,
17 then let's put that in. Because as we make changes we
18 need to make sure we capture that a retraining has-to
19 approach.

20 MS. FERDIG: Right.

21 MR. SCHERER: I thought this --

22 MR. PLISCO: And we can answer on part of

1 that already. The answer is, the training isn't
2 robust. There's already a working group that's working
3 on it. They actually been working for about four
4 months now.

5 MR. SCHERER: Well, I'm optimistic. The
6 points are positive.

7 MR. PLISCO: Yeah. But I'm saying some of
8 those issue, I think it gets back to the original point
9 that Steve made, someone made, as far as these things
10 are already ongoing. There are some things that
11 probably everyone is not aware of.

12 MS. FERDIG: Are there other unintended
13 positive outcomes that just manifested themselves that
14 need to be noted in the overall description?

15 MR. PLISCO: There are.

16 Did we miss anything?

17 MS. FERDIG: We haven't heard from this guy.

18 MR. MOUGHTON: I recall the last time I
19 didn't say too much.

20 MR. FLOYD: I think intentionally when the
21 program was developed with that 95-5 threshold, I think
22 the bottom line intent was to essentially combine what

1 was the SALP I, SALP II category, and say that really
2 isn't a -- by in large nobody was worried about the
3 plants that had SALP IIs. Those were considered to be
4 average performers. And the program was really
5 designed to go after the outlier who is effectively the
6 SALP III.

7 One way to look at this is what we've done.
8 We've combined the SALP I and SALP II category, and
9 that's the green, and taken a SALP III category, and
10 said, well, they're below average in this area, but
11 what's the significance of being where they are on this
12 particular issue. We've really taken SALP III and
13 upgraded it now.

14 You can argue about how many categories we
15 got, but what we've done is we've combined SALP I and
16 II, and we've expanded SALP III into three separate
17 potential categories, depending upon significance.
18 Focusing on the outlier aspect rather than trying to
19 rank anybody collectively across the industry.

20 I don't know if that will Bill from Vermont.
21 Maybe or maybe not. I don't think of it in those
22 terms, but that's really what it did.

1 MR. PLISCO: At least from the point as
2 indicators.

3 MR. FLOYD: Yeah.

4 MS. FERDIG: I'm going to ask a question, not
5 having any sense of the background that got to the
6 color coding with absence of numbers. What would
7 happen if it became denoted through numbers instead of
8 colors? What are the complications of that?

9 MR. FLOYD: I think from the industry's
10 perspective, the unintended consequences is it is too
11 easy numerically. If you mix green, white, yellow and
12 red, I don't know what you get, an omelet or something.

13 (Laughter)

14 You can't really do that very easy.

15 MS. FERDIG: You have to do numeric averages
16 and something --

17 MR. FLOYD: There would be people to try to
18 come up with a number, and then they try to rank this
19 one and that one.

20 MS. FERDIG: Okay.

21 MR. FLOYD: Then you get what was going on on
22 Wall Street where they were making a difference between

1 having a plant be a 1.5 or 1.75, and then recommending
2 to investors that if you're going to invest in the
3 utility stock that has a nuclear plant, you ought to go
4 with the 1.5 plant instead of the 1.75 plant, you know.
5 Crazy things like that that had no meaning.

6 MR. SCHERER: The concerns that I heard
7 expressed were exactly that. It would imply a
8 precision that doesn't exist. If you take numbers, you
9 can add them together, you can divide, you can weight
10 them, and then you come out with 1.89...send a message
11 that plant that's rated 1.89 is, in fact, materially
12 less safe than a plant that's rated 1.88.

13 What you can do with numbers is apply a
14 precision that doesn't exist in this process.

15 MR. MOUGHTON: It also doesn't mean anything
16 to the score in initiating events with EP. If someone
17 is very weak in EP, that's important. An averaging is
18 not actionable. Whereas, the cornerstones were set up
19 to areas that we wanted to see effective performance.
20 And we can understand what that means in a cornerstone.
21 An average of four set of numbers has no inherent
22 meaning.

1 MR. BLOUGH: The colors are actually -- the
2 risk spectrum of each color covers a decade. So you
3 know, at least in theory, is ten times more significant
4 risk-wise than white on an average. But they're both
5 covering -- the white is covering a whole range. The
6 fact of ten and the yellows covering a whole range.

7 MR. GARCHOW: For the reactor cornerstones.

8 MR. BLOUGH: For the reactor cornerstones.

9 MR. GARCHOW: You couldn't make that
10 agreement in security or --

11 MR. BLOUGH: No.

12 MR. PLISCO: Anything else, John? Closing
13 business.

14 MR. MONNINGER: I guess the last time we said
15 what we were going to do with that letter from the
16 individual from Pennsylvania. Now we have the letter,
17 so I guess the board -- the OB letter that was actually
18 forwarded to Loren. Everyone got copies of it. So it
19 was forwarded to the panel with no recommended action
20 on it, but is there a decision as to what the panel
21 would like to do with the letter?

22 MR. PLISCO: I suggest we just consider it

1 and develop our thoughts on the area of the
2 enforcement, and look at the issues and see whether we
3 want to raise any issues on that.

4 MR. BORCHARDT: I will provide a copy of the
5 answer to the panel when it's completed.

6 MR. SCHERER: I don't have a particular
7 problem, subject to the chairman and the other members
8 of the committee. If there's a desire, as we did in
9 the last case, I don't have a problem acknowledging
10 that it's a letter and that we'll take it into account
11 in our deliberation.

12 MR. PLISCO: Acknowledge it by e-mail.

13 MR. SCHERER: I would also independently
14 state that...you had with...and I thought that was a
15 good exchange. And I don't think the committee has to
16 do anything with it, the panel has to do anything else.

17 MR. PLISCO: That's why my suggestion is that
18 you read it. And as you're developing your own
19 personal input, I think his input is really focused on
20 enforcement. When you're looking at the enforcement
21 issues, just take that into consideration and see if
22 there's any issues in there.

1 MR. SCHERER: My suggestion, just for the
2 record, since this is a public meeting, you may want to
3 ask whether anybody else on the panel has any -- I
4 thought your letter back was appropriate. Certainly
5 addressed any concerns about it.

6 MR. FLOYD: John, were you going to include
7 on the list Joe's letter?

8 MR. MONNINGER: Yes.

9 MR. FLOYD: Some of those were quite
10 interesting.

11 MR. PLISCO: And I didn't raise those here
12 because they're planning to be here at the meeting. If
13 you have any issues -- that's really more preliminary
14 information.

15 MR. SCHERER: Well, I have some questions. I
16 need to try and understand some of the issues.

17 MR. MONNINGER: I believe I will try to break
18 her's out on the table also, to the extent possible.

19 MR. PLISCO: Any input we've got to date,
20 I'll give you two more weeks. Anything we get within
21 the next few weeks we'll put together in a preliminary
22 table.

